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Market Week: March 27, 2017



The Markets (as of market close March 24, 2017)

Uncertainty over whether Congress would pass a new health-care law, coupled with the prospects of additional interest rate hikes later in the year, may have weighed on investors' minds as stocks tumbled early last week. The S&P 500 lost over 1.0% last week for the first time this year. By the end of last week, each of the indexes listed here posted notable losses, with the small-cap Russell 2000 falling over 2.50% for the week putting it in negative territory year-to-date. Late last Friday, the proposed American Health Care Act was pulled from consideration for lack of support, leaving the current Affordable Care Act in place for the foreseeable future. What impact, if any, this action will have on trading next week remains to be seen. Investors are likely to be watching the last GDP report of the fourth quarter to get a better fix on the economy.

The price of crude oil (WTI) fell last week, closing at \$48.14 per barrel, down from the prior week's closing price of \$48.70 per barrel. The price of gold (COMEX) increased, closing at \$1,246.40 by late Friday afternoon, up about 1.40% from the prior week's price of \$1,229.30. The national average retail regular gasoline price decreased to \$2.321 per gallon on March 20, 2017, \$0.002 less than the prior week's price but \$0.314 more than a year ago.

Market/Index	2016 Close	Prior Week	As of 3/24	Weekly Change	YTD Change
DJIA	19762.60	20914.62	20596.72	-1.52%	4.22%
Nasdaq	5383.12	5901.00	5828.74	-1.22%	8.28%
S&P 500	2238.83	2378.25	2343.98	-1.44%	4.70%
Russell 2000	1357.13	1391.52	1354.64	-2.65%	-0.18%
Global Dow	2528.21	2704.83	2683.79	-0.78%	6.15%
Fed. Funds target rate	0.50%-0.75%	0.75%-1.00%	0.75%-1.00%	0 bps	25 bps
10-year Treasuries	2.44%	2.50%	2.41%	-9 bps	-3 bps

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Headlines

- At first blush, it appears that orders for manufactured durable goods have been strong in both January and February. However, a closer look at the latest Census Bureau report reveals that durable goods orders for core products have been slow. Overall, orders for durable goods increased 1.7% in February following a revised January increase of 2.3%. Much of the gain the past two months has been attributable to transportation, particularly aircraft sales. New orders for durable goods orders excluding transportation increased only 0.4% in February. New orders for core capital goods, which exclude defense and aircraft, actually decreased 0.1% for the month, which is indicative of continued weakness in business investment.

Key Dates/Data Releases

3/28: International trade in goods, consumer confidence

3/30: GDP

3/31: Personal income and outlays, consumer sentiment

- A dwindling supply of affordable housing has stunted the sales pace of existing homes in February. Total existing homes sales (including single-family homes, townhomes, condominiums, and co-ops) fell 3.7% to an annual rate of 5.48 million in February, down from 5.69 million in January. Despite the drop-off, February's sales pace is still 5.4% above a year ago. Total housing inventory at the end of February increased 4.2% to 1.75 million existing homes available for sale, which is 6.4% lower than a year ago (1.87 million) and has fallen year-over-year for 21 straight months. Unsold inventory is at a 3.8-month supply at the current sales pace (3.5 months in January). The median existing-home price for all housing types in February was \$228,400, up 7.7% from February 2016 (\$212,100). February's price increase was the fastest since last January (8.1%) and marks the 60th consecutive month of year-over-year gains.
- Unlike existing home sales, new home sales surged in February. Sales of new single-family houses in February were at a seasonally adjusted annual rate of 592,000, which is 6.1% higher than the January sales rate of 558,000. New home sales are 12.8% above the February 2016 estimate. The median sales price of new houses sold in February was \$296,200, down about 4.0% from January's median sales price of \$308,200. The average sales price was \$390,400, which is almost 10.0% higher than January's average sales price of \$355,300. The seasonally adjusted estimate of new houses for sale at the end of February was 266,000. This represents a supply of 5.4 months at the current sales rate, which is down from January's supply of 5.6 months.
- In the week ended March 18, the advance figure for seasonally adjusted initial unemployment insurance claims was 258,000, an increase of 15,000 from the previous week's revised level. The advance seasonally adjusted insured unemployment rate dipped to 1.4%. The advance number for seasonally adjusted insured unemployment during the week ended March 11 was 2,000,000, a decrease of 39,000 from the prior week's revised level.

Eye on the Week Ahead

The final report on the fourth-quarter GDP is released this week. The prior reading showed the rate of economic growth to be 1.9%. This week's final returns are expected to show little change.

Data sources: News items are based on reports from multiple commonly available international news sources (i.e. wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. Market data: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indices listed are unmanaged and are not available for direct investment.

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