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Market Week: May 30, 2017

The Markets (as of market close May 26, 2017)

Following two weeks of losses, equities rebounded last week, with each of the benchmark indexes listed here posting week-over-week gains, led by the Nasdaq, which climbed over 2.0% for the week and is up 15% since the beginning of the year. The S&P reached another record high last Friday, posting its largest weekly gain since the end of April. The Global Dow advanced less than 1.0%, but is firmly in the black for the year, up almost 10.0% since December 31, 2016.

The price of crude oil (WTI) fell back last week after the prior week's increase, closing at \$49.79 per barrel, down from the prior week's closing price of \$50.53 per barrel. The price of gold (COMEX) increased almost 1.15%, closing at \$1,270.10 by late Friday afternoon, up from the prior week's price of \$1,255.70. The national average retail regular gasoline price increased to \$2.399 per gallon on May 22, 2017, \$0.030 higher than the prior week's price and \$0.099 more than a year ago.

Market/Index	2016 Close	Prior Week	As of 5/26	Weekly Change	YTD Change
DJIA	19762.60	20804.84	21080.28	1.32%	6.67%
Nasdaq	5383.12	6083.70	6210.19	2.08%	15.36%
S&P 500	2238.83	2381.73	2415.82	1.43%	7.91%
Russell 2000	1357.13	1367.33	1382.24	1.09%	1.85%
Global Dow	2528.21	2748.33	2769.02	0.75%	9.52%
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%	2.23%	2.24%	-1 bps	-20 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

- The second estimate of the first-quarter GDP was a bit more positive than April's preliminary estimate. The gross domestic product increased at an annual rate of 1.2% compared to the preliminary estimate of only a 0.7% annual rate of growth. The fourth-quarter GDP grew at an annual rate of 2.1%. Accounting for the increase in the annual growth rate were increases in business investment and consumer spending, while the decreases in state and local government were smaller than previously estimated. Gross domestic income (the sum of income less costs in the production of GDP) increased 0.9% in the first quarter, in contrast to a 1.4% decrease in the fourth quarter.
- Continuing a trend of less than robust economic news for April, new orders for manufactured durable goods decreased \$1.6 billion, or 0.7%, following four consecutive monthly increases, including March's 2.3% gain. Shipments decreased 0.3%, led by a 0.5% drop in shipments of transportation equipment. On the positive side, unfilled orders and inventories both increased.
- New home sales fell precipitously in April, according to the Census Bureau. Sales of new single-family



Key Dates/Data Releases

5/30: Personal income and outlays, consumer confidence

6/1: PMI and ISM manufacturing indexes

6/2: Employment situation, international trade

homes were 11.4% below the March rate of sales, and only 0.5% above the April 2016 rate. The median sales price of new houses sold in April was \$309,200 (\$318,700 in March). The average sales price was \$368,300 (\$385,400 in March). With the number of sales falling, the inventory of new homes for sale rose 16.3%, representing a supply of 5.7 months at the current sales rate. By comparison, the supply of homes for sale in March was 4.9 months.

- Sales of existing homes were also off in April — slipping 2.3% compared to March. Low supply held down sales as the median number of days a home was on the market fell to a new low of 29 days, according to the National Association of Realtors®. Despite the decline, existing home sales are still 1.6% above their pace a year ago. The median existing-home price for all housing types in April was \$244,800 (\$236,400 in March), up 6% from April 2016 (\$230,900). April's price increase marks the 62nd straight month of year-over-year gains. Total housing inventory at the end of April climbed 7.2% to 1.93 million existing homes available for sale, but is still 9% lower than a year ago (2.12 million) and has fallen year-over-year for 23 consecutive months. Unsold inventory is at a 4.2-month supply at the current sales pace, which is down from 4.6 months a year ago.
- According to the advanced international trade report from the Census Bureau, exports fell in April while imports increased, pushing the international trade deficit higher for the month. The trade deficit was \$67.6 billion in April, an increase of \$2.5 billion from March. Exports of goods for April were \$125.9 billion, \$1.1 billion less than March exports. Imports of goods for April were \$193.4 billion, \$1.4 billion more than March imports.
- Consumer sentiment in May remained at the same high level as April. Consumers were not quite as enthusiastic about current economic conditions, but were optimistic about the economy moving forward.
- In the week ended May 20, the advance figure for seasonally adjusted initial claims was 234,000, an increase of 1,000 from the previous week's unrevised level. The advance seasonally adjusted insured unemployment rate remained at 1.4% for the sixth consecutive week. For the week ended May 13, there were 1,923,000 receiving unemployment benefits, an increase of 24,000 from the previous week's revised level.

Eye on the Week Ahead

Memorial Day week unofficially kicks off the summer, which is typically a slower time for market activity. However, two important economic reports for May are out this week. Personal income and outlays looks at consumer income, spending, and price changes for consumer products and services. It is one of the main indicators of inflationary trends relied upon by the Fed. Also coming out this week is the May employment report. New hires kicked up in April following a weak March, although increases in average hourly earnings have only marginally surpassed the rate of inflation.

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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