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Market Week: June 12, 2017



The Markets (as of market close June 9, 2017)

The benchmark indexes listed here produced mixed results last week. The large-cap Dow gained a little more than 0.25%, while the small-cap Russell 2000 jumped over 1.0% by last week's end. On the other hand, tech stocks took a hit as the Nasdaq fell over 1.5%. Long-term bond prices fell last week as evidenced by the 4-basis-point jump in the yield of 10-year Treasuries. It's hard to tell what impact, if any, the domestic (Comey testimony) and foreign (UK election) political developments may have had on the market.

The price of crude oil (WTI) fell back last week, closing at \$45.90 per barrel, down from the prior week's closing price of \$47.74 per barrel. The price of gold (COMEX) decreased last week, closing at \$1,268.80 by late Friday afternoon, down from the prior week's price of \$1,281.50. The national average retail regular gasoline price increased to \$2.414 per gallon on June 5, 2017, \$0.008 higher than the prior week's price and \$0.033 more than a year ago.

Market/Index	2016 Close	Prior Week	As of 6/9	Weekly Change	YTD Change
DJIA	19762.60	21206.29	21271.97	0.31%	7.64%
Nasdaq	5383.12	6305.80	6207.92	-1.55%	15.32%
S&P 500	2238.83	2439.07	2431.77	-0.30%	8.62%
Russell 2000	1357.13	1405.39	1421.71	1.16%	4.76%
Global Dow	2528.21	2790.26	2782.75	-0.27%	10.07%
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%	2.16%	2.20%	4 bps	-24 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

- Activity has slowed in the non-manufacturing sector in May, according to the Institute for Supply Management. The Non-Manufacturing Index registered 56.9%, which is 0.6 percentage point lower than the April reading of 57.5%. The non-manufacturing sector, which includes such industries as real estate, accommodations, food, arts and entertainment, and health care, grew for the 89th consecutive month (a reading of 50% or higher indicates growth), but at a slower pace than the prior month. According to the Non-Manufacturing ISM® Report On Business®, new orders, business activity, and prices all showed a slower rate of growth compared to April. Only employment grew at a faster pace.
- According to the Job Openings and Labor Turnover (JOLTS) report, there were 6.0 million job openings in April. Job openings increased in a number of industries, with the largest increase occurring in accommodation and food services (+118,000). Job openings decreased in durable goods manufacturing (-30,000). The number of job openings increased in the Midwest and Northeast regions. The number of

Key Dates/Data Releases

6/13: Producer Price Index

6/14: Consumer Price Index, retail sales, FOMC meeting

6/15: Import and export prices, industrial production

6/16: Housing starts

job hires decreased by 253,000 to 5.1 million. Hires decreased in health care and social assistance (-68,000) and real estate and rental and leasing (-23,000). The number of hires decreased in the West region. Total separations (turnover) edged down 225,000 to 5.0 million in April. Total separations increased in state and local government education (+17,000) but decreased in retail trade (-100,000). Over the 12 months ended in April, hires totaled 62.9 million and separations totaled 60.7 million, yielding a net employment gain of 2.2 million.

- Following last week's election, the UK's ruling Conservative Party lost its parliamentary majority. How this development will impact the Brexit remains to be seen, but indications are that negotiations will push ahead even though the political strength of Prime Minister May has been weakened.
- In the week ended June 3, the advance figure for seasonally adjusted initial claims for unemployment insurance was 245,000, a decrease of 10,000 from the previous week's revised level. The advance seasonally adjusted insured unemployment rate remained at 1.4% for the eighth consecutive week. For the week ended May 27, there were 1,917,000 receiving unemployment benefits, a decrease of 2,000 from the previous week's level, which was revised up 4,000.

Eye on the Week Ahead

The big news this week surrounds the FOMC meeting and whether interest rates will be increased. The Committee held off on an interest rate hike in May and appeared primed to jack up rates in June. However, major economic indicators, such as consumer prices, consumer spending, the GDP, and the employment sector, have not been especially strong, leading to speculation that at least some members of the Committee may be inclined to hold rates as is until steadier economic progress is evident.

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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