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Market Week: November 20, 2017

The Markets (as of market close November 17, 2017)

Last week saw a mixed bag of returns as the large caps of the Dow and S&P 500 lost value for the second consecutive week, while the tech-heavy Nasdaq and small caps of the Russell 2000 posted gains. Major gains from consumer companies such as Wal-Mart Stores, which reported its strongest sales in several years, weren't enough to offset falling energy stock prices. On the other hand, the Nasdaq posted a gain of almost .50%, while the Russell 2000 was the leader by far, climbing 1.19%. Long-term bond prices didn't move much, as the yield on 10-year Treasuries inched up only 2 basis points.

The price of crude oil (WTI) fell to \$56.63 per barrel last Friday, down from the prior week's closing price of \$56.86 per barrel. The price of gold (COMEX) climbed to \$1,294.60 by early Friday evening, up from the prior week's price of \$1,276.30. The national average retail regular gasoline price increased to \$2.592 per gallon on November 13, 2017, \$0.031 higher than the prior week's price and \$0.408 more than a year ago.

Market/Index	2016 Close	Prior Week	As of 11/17	Weekly Change	YTD Change
DJIA	19762.60	23422.21	23358.24	-0.27%	18.19%
Nasdaq	5383.12	6750.94	6782.79	0.47%	26.00%
S&P 500	2238.83	2582.30	2578.85	-0.13%	15.19%
Russell 2000	1357.13	1475.27	1492.82	1.19%	10.00%
Global Dow	2528.21	2961.95	2953.40	-0.29%	16.82%
Fed. Funds target rate	0.50%-0.75%	1.00%-1.25%	1.00%-1.25%	0 bps	50 bps
10-year Treasuries	2.44%	2.32%	2.34%	2 bps	-10 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 Economic Headlines

- Prices producers receive for goods and services climbed 0.4% in October. This gain follows a 0.4% increase in September and a 0.2% jump in August. Over the past 12 months ended in October, producer prices are up 2.8% — the largest rise since an advance of 2.8% for the 12 months ended February 2012. Prices less foods, energy, and trade services rose 0.2% for the month and have increased 2.3% over the 12 months ended in October. Generally, as producer prices rise, these increases get passed through to consumers.
- While producer prices have risen, that increase hasn't been reflected in consumer prices — at least not yet. For October, consumer prices rose a scant 0.1%, according to the Consumer Price Index. This follows a 0.5% price jump in September. Core prices, which excludes food and energy, increased 0.2% for the month. The CPI rose 2.0% for the 12 months ended in October, a smaller increase than the 2.2% increase for the period ended in September. Core prices increased 1.8% over the past 12 months.
- Soft consumer prices may be encouraging increased consumer purchases as retail sales were \$486.6

Key Dates/Data Releases

11/21: Existing home sales

11/22: Durable goods orders

billion in October, up 0.2% from September. Sales at the retail level are up 4.7% over the last 12 months.

- October, the first month of fiscal 2018 for the federal Treasury, saw a monthly deficit of \$63.2 billion. Government receipts for the month totaled \$235.3 billion, while outlays totaled \$298.6 billion. By comparison, the deficit for October 2016 was \$45.8 billion.
- According to the Bureau of Labor Statistics, import prices advanced 0.2% in October after increasing 0.8% in September. Excluding fuel import prices, which swung sharply higher (1.4%) last month, import prices only managed a 0.2% monthly increase. Year-on-year, import prices, excluding petroleum, have risen only 1.4%. Export prices recorded no change in October, after increasing 0.7% in September. The price index for agricultural exports increased 1.9% in October, the largest monthly rise since a 2.5% advance in June 2016. Excluding agriculture, export prices actually declined 0.3% in October.
- Industrial production rose 0.9% in October, and manufacturing increased 1.3%. The index for utilities rose 2.0%, but mining output fell 1.3%, as Hurricane Nate caused a sharp but short-lived decline in oil and gas drilling and extraction. Even so, industrial activity was boosted in October by a return to normal operations after hurricanes Harvey and Irma suppressed production in August and September.
- October was a very solid month for new home construction. According to the Census Bureau, building permits were up 5.9%, housing starts increased 13.7%, and housing completions jumped 12.6% over September.
- In the week ended November 11, the advance figure for initial claims for unemployment insurance was 249,000, an increase of 10,000 from the previous week's level. The advance insured unemployment rate fell slightly to 1.3%. The advance number of those receiving unemployment insurance benefits during the week ended November 4 was 1,860,000, a decrease of 44,000 from the previous week's level, which was revised up 3,000. This remains the lowest level for insured unemployment since December 29, 1973, when it was 1,805,000.

Eye on the Week Ahead

Thanksgiving week is relatively quiet in terms of economic news. The report on existing home sales for October follows on the heels of September's positive returns. Another important economic report on orders for durable goods is also out this week. For the year, new orders placed with domestic manufacturers are up 8.3% compared to 2016.

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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