



Market Week: May 22, 2017

The Markets (as of market close May 19, 2017)

A rally late last week pulled equities higher, but not enough to overcome a midweek tumble. Only the Global Dow posted a slight gain by last week's end, as each of the other indexes listed here lost value. Possibly shaken by continuing controversy between Russia and the White House, investors appeared to move from equities to bonds, with the yield on 10-year Treasuries falling 9 basis points from the previous week while dropping over 20 points year-to-date.

The price of crude oil (WTI) increased for the first time in several weeks, closing at \$50.53 per barrel, up from the prior week's closing price of \$46.47 per barrel. The price of gold (COMEX) also jumped, closing at \$1,255.70 by late Friday afternoon, ahead of the prior week's price of \$1,228.40. The national average retail regular gasoline price decreased to \$2.369 per gallon on May 15, 2017, \$0.003 less than the prior week's price but \$0.127 more than a year ago.

Table with 6 columns: Market/Index, 2016 Close, Prior Week, As of 5/19, Weekly Change, YTD Change. Rows include DJIA, Nasdaq, S&P 500, Russell 2000, Global Dow, Fed. Funds target rate, and 10-year Treasuries.

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 pace of new home construction took a step back in April, according to the Census Bureau. Housing starts, housing completions, and the number of building permits each lagged in volume compared to March. The annualized rate of housing starts in April was 2.6% below the March total. Privately owned housing completions were 8.6% below the revised March estimate. And the number of building permits issued in April for all residential housing units was 2.5% behind March's total. However, compared to a year ago, housing starts (+0.7%), housing completions (+15.1%), and building permits issued (+5.7%) are ahead of their respective totals from April 2016.
According to the Federal Reserve, industrial production advanced 1.0% in April for its third consecutive monthly increase and its largest gain since February 2014. Manufacturing output rose 1.0% for the month following a 0.4% decline in March. The indexes for mining and utilities posted gains in April of 1.2% and 0.7%, respectively. However, capacity utilization for the industrial sector increased 0.6 percentage point to 76.7%, a rate that is 3.2 percentage points below its long-run average.

## Key Dates/Data Releases

5/23: New home sales

5/24: Existing home sales

5/25: International trade in goods

5/26: Durable goods orders, GDP, consumer sentiment

Nevertheless, total industrial production in April was 2.2% above its year-earlier level.

- In the week ended May 13, the advance figure for seasonally adjusted initial claims was 232,000, a decrease of 4,000 from the previous week's unrevised level of 236,000. The advance seasonally adjusted insured unemployment rate remained at 1.4% for the fifth consecutive week. For the week ended May 6, there were 1,898,000 receiving unemployment insurance, a decrease of 22,000 from the previous week's revised level. This is the lowest level for insured unemployment since November 5, 1988, when it was 1,898,000.

## Eye on the Week Ahead

The first-quarter GDP report based on updated information is released this week. The initial report in April revealed lackluster economic growth for the start of 2017. The latest figures on durable goods orders, which are included in the GDP computation, are also available this week. Both of these reports are good indicators of the relative strength of the economy through the first part of 2017.

*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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## IMPORTANT DISCLOSURES

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