



# Market Week: June 5, 2017

## The Markets (as of market close June 2, 2017)

New highs were reached by the S&P 500, the Dow, and Nasdaq as stocks rose for the second week in a row. The small-cap Russell 2000, which had been lagging, scored the highest weekly gains, closing up 1.67%. While the lackluster jobs report apparently didn't have much of an impact on equities, it may be the reason long-term bond prices climbed as the yield on 10-year Treasuries fell to their lowest level since November of last year.

The price of crude oil (WTI) fell back last week, closing at \$47.74 per barrel, down from the prior week's closing price of \$49.79 per barrel. The price of gold (COMEX) increased, closing at \$1,281.50 by late Friday afternoon, up from the prior week's price of \$1,270.10. The national average retail regular gasoline price increased to \$2.406 per gallon on May 29, 2017, \$0.007 higher than the prior week's price and \$0.067 more than a year ago.

Market/Index	2016 Close	Prior Week	As of 6/2	Weekly Change	YTD Change
DJIA	19762.60	21080.28	21206.29	0.60%	7.31%
Nasdaq	5383.12	6210.19	6305.80	1.54%	17.14%
S&P 500	2238.83	2415.82	2439.07	0.96%	8.94%
Russell 2000	1357.13	1382.24	1405.39	1.67%	3.56%
Global Dow	2528.21	2769.02	2790.26	0.77%	10.37%
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%	2.24%	2.16%	-8 bps	-28 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 employment sector has been volatile the past few months. While March's hirings were weak, April proved positive for job gains. However, employment in May has slowed again. There were 138,000 new jobs added for the month, compared to 174,000 new hires in April, which was revised down from 211,000. The unemployment rate dropped 0.1 percentage point to 4.3% — a 16-year low. The number of unemployed persons decreased from 7.1 million in April to 6.9 million in May. Since January, the unemployment rate has declined by 0.5 percentage point and the number of unemployed has decreased by 774,000. The labor force participation rate declined by 0.2 percentage point to 62.7% in May but has shown no clear trend over the past 12 months. In May, average hourly earnings for all employees on private nonfarm payrolls rose by \$0.04 to \$26.22. Over the year, average hourly earnings have risen by \$0.63, or 2.5%. The average workweek for all employees on private nonfarm payrolls was unchanged at 34.4 hours in May.
- Personal income and consumer spending increased in April, according to the latest report from the



## Key Dates/Data Releases

### 6/5: ISM Non-Manufacturing Index

### 6/6: JOLTS

Bureau of Economic Analysis. Personal income increased \$58.4 billion, or 0.4%, for the month while disposable personal (after-tax) income increased \$56.5 billion, or 0.4%. Personal consumption expenditures also climbed 0.4% to \$53.2 billion in April following a 0.3% gain in March, revised. Core PCE (excluding food and energy) rose 0.2% after falling 0.1% in March. For the 12 months ended in April, the PCE price index is up 1.7%.

- The final report on the goods and services trade deficit for April was released last week by the Census Bureau. The deficit increased by \$2.3 billion from \$45.3 billion in March to \$47.6 billion in April. April exports were \$191.0 billion, \$0.5 billion less than March exports. April imports were \$238.6 billion, \$1.9 billion more than March imports. Year-to-date, the goods and services deficit increased \$22.1 billion, or 13.4%, from the same period in 2016. Overall, this information highlights the increased U.S. demand for foreign goods and services, while the foreign demand for U.S. products has declined.
- According to the IHS Markit U.S. Manufacturing PMI™ for May, manufacturing continues to lose momentum since the beginning of the year. The purchasing managers' index dropped to 52.7 in May, down from April's 52.8. While the decrease is marginal, it is a clear indication that purchasing managers are seeing weaker business growth and job creation. While readings over 50 indicate growth, the last couple of months have signaled the weakest improvement in business conditions since last September.
- The May 2017 Manufacturing ISM® Report On Business® also produces a purchasing managers' index. The PMI® for May was 54.9%, 0.1 percentage point higher than April's reading. According to the report, the New Orders Index registered 59.5%, an increase of 2.0 percentage points over April, but the Production Index fell 1.5 percentage points to 57.1% compared to April's 58.6%. Responding managers felt employment and inventories were better in May, while prices were off by 8.0 percentage points.
- Consumer confidence, which fell in April, declined further in May, according to The Conference Board Consumer Confidence Index®. The index came in at 117.9, down from 119.4 in April. The Present Situation Index increased slightly to 140.7 in May from 140.3 in April. The Expectations Index declined from 105.4 in April to 102.6 in May.
- In the week ended May 27, the advance figure for seasonally adjusted initial claims for unemployment was 248,000, an increase of 13,000 from the previous week's revised level. The advance seasonally adjusted insured unemployment rate remained at 1.4% for the seventh consecutive week. For the week ended May 20, there were 1,915,000 receiving unemployment benefits, a decrease of 9,000 from the previous week's revised level. The largest increases in initial claims for the week ended May 20 were in Michigan (+1,634), Missouri (+874), Texas (+652), Vermont (+475), and Mississippi (+459), while the largest decreases were in New York (-1,033), Connecticut (-779), Oregon (-496), Georgia (-440), and New Jersey (-400).

## Eye on the Week Ahead

While this week is very light for economic news at home, the focus of attention will be on Great Britain's national election at the end of the week. A win for the country's Conservative Party would seem to cement the UK's exit from the European Union.

*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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