



Market Week: July 10, 2017

The Markets (as of market close July 7, 2017)

Stocks ended last week higher, despite falling energy shares. The Dow and S&P 500 rose last Friday on the heels of June's strong labor report. Of the indexes listed here, the Dow led the way followed by the Nasdaq and the Global Dow. The yield on 10-year Treasuries climbed closer to its 2016 closing value as long-term bond prices fell, sending yields higher.

The price of crude oil (WTI) closed at \$44.30 per barrel, down from the prior week's closing price of \$46.33 per barrel. The price of gold (COMEX) decreased last week, closing at \$1,212.00 by late Friday afternoon, down from the prior week's price of \$1,241.40. The national average retail regular gasoline price decreased for the fourth week in a row to \$2.260 per gallon on July 3, 2017, \$0.028 lower than the previous week's price and \$0.031 less than a year ago.

Table with 6 columns: Market/Index, 2016 Close, Prior Week, As of 7/7, 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 Economic Headlines

- The job situation rebounded in a big way in June as 222,000 new jobs were added during the month, well above the 152,000 (revised) new jobs added in May. The unemployment rate inched up 0.1 percentage point to 4.4%. Noteworthy job gains occurred in health care, social assistance, financial activities, and mining. Since January, the unemployment rate and the number of unemployed are down by 0.4 percentage point and 658,000, respectively. The average workweek for all employees on private nonfarm payrolls rose by 0.1 hour to 34.5 hours in June. For the month, average hourly earnings for all employees on private nonfarm payrolls rose by \$0.04 to \$26.25. Over the year, average hourly earnings have risen by \$0.63, or 2.5%.
The IHS Markit final US Manufacturing Purchasing Managers' Index™ (PMI™) indicated that manufacturing slowed in June. According to the report, manufacturing output, new orders, and employment weakened compared to May. Price inflation was the slowest since late 2016.
On the other hand, the Manufacturing ISM® Report On Business® suggested that the manufacturing sector expanded in June. The overall purchasing managers' index registered 57.8%, an increase of 2.9



## Key Dates/Data Releases

7/11: JOLTS

7/13: Producer Price Index, Treasury budget

7/14: Consumer Price Index, retail sales, industrial production

percentage points over the May reading. New orders, production, and employment climbed in June. However, inventories and prices decreased for the month. While the Markit and ISM® reports offer conflicting information, historically, the Markit PMI™ tends to align more closely with government data.

- The non-manufacturing, or services, sector expanded in June, according to the latest Non-Manufacturing ISM® Report On Business®. Non-manufacturing industries include agriculture; accommodation and food services; transportation; mining; utilities; real estate; finance and insurance. The June non-manufacturing index registered 57.4%, 0.5 percentage point higher than the May reading. Expansion in the non-manufacturing sector occurred in business activity, new orders, and prices. Employment grew in the non-manufacturing sector, but at a slower pace compared to May.
- The international trade deficit shrunk in May, according to the Census Bureau. The goods and services deficit was \$46.5 billion in May, down \$1.1 billion from \$47.6 billion in April, revised. May exports were \$192.0 billion, \$0.9 billion more than April exports. May imports were \$238.5 billion, \$0.2 billion less than April imports. Year-to-date, the trade deficit increased \$27.0 billion, or 13.1%, from the same period in 2016. Exports increased \$54.3 billion, or 6.0%. Imports increased \$81.4 billion, or 7.3%.
- In the week ended July 1, the advance figure for seasonally adjusted initial claims for unemployment insurance was 248,000, an increase of 4,000 from the previous week's unrevised level. The advance seasonally adjusted insured unemployment rate remained 1.4% for the week ended June 24, unchanged from the previous week's unrevised rate. During the week ended June 24, there were 1,956,000 receiving unemployment insurance benefits, an increase of 11,000 from the previous week's revised level. The previous week's level was revised down by 3,000 from 1,948,000 to 1,945,000.

## Eye on the Week Ahead

Trading is expected to pick up following the holiday-shortened week. Last week's favorable employment report should quell investors' concerns about a slowdown in job growth. This week, reports focusing on consumer spending and inflationary trends are out with the Producer Price Index, retail sales report, and The Consumer Price Index.

*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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