

# The Market Week in Review

For Week Ending May 20, 2017

## THE MARKETS

Stocks got off to a strong start as oil prices spiked 3% Monday morning after news came over the weekend that Russia and the Saudis agreed to production cuts through March 2018. However, developments out of the White House later in the week sent stocks sinking to their worst day since 2017. The selloff was short lived, however, and by week's end only modest losses were seen across the major large cap indices. The small cap Russell was the hardest hit, falling over 1%. The Euro reached a six month high which pushed the U.S. dollar all the way down to a post-election low of 97.14 against a basket of other major currencies. Weakness in the dollar helped crude oil move back above \$50 a barrel for the first time in a month.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	20,896.61	20,804.84	-91.77	-0.44%	5.27%
Nasdaq	6,121.23	6,083.70	-37.53	-0.61%	13.01%
S&P 500	2,390.90	2,381.73	-9.17	-0.38%	6.38%
Russell 2000	1,382.77	1,367.33	-15.44	-1.12%	0.75%

## DAILY DEVELOPMENTS

### MONDAY

Home builder confidence in the market for newly-built single-family homes rose two points in May to a level of 70 on the National Association of Home Builders/ Wells Fargo Housing Market Index (HMI). This is the second highest HMI reading since the downturn. The three month moving averages for the Northeast and South each registered three point gains to 49 and 71, respectively, while the West rose one point to 78. The Midwest was unchanged at 68.

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**TUESDAY**

The National Association of Realtors' Housing Starts Index indicated starts fell 2.6% to a 1.17 million annualized rate in the month of April. Strength was seen in the single family component, where starts increased 0.4%. However, permits for single family homes fell 4.5% with completions down by the same amount. In further weakness, multi family unit starts dropped 9.2% and completions also fell 17.2%, although permits rose 1.4%.

The Fed's Industrial Production Index rose 1.0% in April after March's report fell short of expectations due to heavy weather. The manufacturing component rose by the same amount. Capacity utilization rose six tenths to 76.7%.

**WEDNESDAY**

There was no major economic news on Wednesday.

**THURSDAY**

In the sample week for the May employment report, the Labor Department reported initial jobless claims of 232,000 in the May 13<sup>th</sup> week which was once again well below most economists' expectations. The four week average is down another 2,750 to 240,750. Continuing claims for the May 6<sup>th</sup> week dropped to 1.89 million, which is a 29-year low. The continuing claims four week average fell 20,000 to 1.95 million, a 43-year low.

The Philadelphia Fed's Business Outlook Survey accelerated to 38.8 in May, led by the factory sector. Shipments were especially strong at 39.1 and new orders, at 25.4, point to strength in future months. However, the general outlook fell over 10 points to 34.8 which is the lowest reading since November. Still, this report signals a general uptrend for the manufacturing industry being led by domestic demand and a recovery in the energy sector.

**FRIDAY**

There was no major economic news on Friday.

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**TIDBITS**

General Motors Co. Chief Executive Mary Barra earned \$16.2 million in a choppy first year at the helm, a pay package that far outpaces her predecessor's compensation and exceeds the initial target set by the board when she took the job.

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## QUOTE OF THE WEEK

“Mr. Market is demanding a bigger discount for political risk. The S&P, even after yesterday’s selloff, is still close to a record high and Trump is still Trump. Political uncertainty, in short, remains elevated. Ditto for the stock market. That’s not exactly a comforting combination. ...The big mystery: What constitutes a fair price given the current state of affairs in Washington?”

- James Picerno, The CapitalSpectator.com

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We hope you have found the information in this week’s market summary informative. If you would like to comment on any of the information found in this week’s Market Week in Review please email us at [firm@estatecounselors.com](mailto:firm@estatecounselors.com). If you would like to discuss how current market conditions could impact your investments, please feel free to call us at the number listed below.

Best regards,

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