

The Market Week in Review

For Week Ending July 7, 2018

THE MARKETS

Stocks finished the week higher with small/mid-cap stocks, as measured by the Russell 2000, outpacing the other major indices as they saw less headwinds from international trade concerns. The 10-year treasury yield continues to drop, falling 2 basis points on the week to 2.83%. The spread between the 2-year treasury yield and the 10-year treasury yield also dropped by 3 basis points to a concerning 0.29%. Gold prices were virtually flat rising 0.13% to \$1,255.90 an ounce. Meanwhile crude oil prices inched lower after rallying the past couple weeks, dropping 0.44% to \$73.92 a barrel. The U.S. dollar index moved slightly lower to 94.00 from last week's reading of 94.51.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	24,271.41	24,456.48	185.07	0.76%	-1.06%
Nasdaq	7,510.30	7,688.39	178.09	2.37%	11.37%
S&P 500	2,718.37	2,759.82	41.45	1.52%	3.22%
Russell 2000	1,643.07	1,694.05	50.98	3.10%	10.32%

THIS WEEK'S HIGHLIGHTS

- The ISM index, a measurement of U.S. manufacturing activity, jumped to 60.2 in June from last month's reading of 58.7. Supplier's deliveries continue to be delayed yet production shows no sign of slowing, a sign that tariffs may be causing disruptions in the supply chain.
- Initial unemployment claims inched higher for the week ending June 30th, up 3,000 to a total of 231,000. After reaching historic lows earlier in June, the 4-week average of initial unemployment claims begins to trend slightly upwards to 224,500, up 2,250 from the week prior. Continuing unemployment

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claims rose by a significant 32,000 to 1.74 million, however, the 4-week average of continuing claims dropped by 2,000 to 1.72 million.

- The FOMC minutes showed Federal Reserve officials reaffirming their commitment to gradually raising the Federal Funds Rate amid rising risks in international trade. Some of the other headline topics from the FOMC meeting were talks of a tightening labor market and a pick-up in household spending as indications for forecasting potentially two more rate hikes this year.
- Nonfarm payrolls climbed by 213,000 in June, coming in stronger than the expected 190,000. Wage gains slowed with the average hourly earnings increasing by a moderate 0.2%, leaving the year-over-year change at 2.7%. The unemployment rate rose off its 18-year low of 3.8% to 4.0%, the first rise in the rate in almost a year.
- The U.S. trade deficit of goods and services narrowed sharply in May to \$43.1 billion from April's reading of \$46.1 billion. The drop in the deficit was largely driven by a 1.9% jump in exports and a more moderate 0.4% rise in imports.

QUOTE OF THE WEEK

“The Constitution only gives people the right to pursue happiness. You have to catch it yourself.”
- Benjamin Franklin

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. 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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