

# The Market Week in Review

For Week Ending June 16, 2018

## THE MARKETS

Stocks finished the week mixed as investors digest a higher Feds Fund Rate and geopolitical uncertainty. Despite a rise in the Feds Fund Rate the 10-year treasury yield dropped 2 basis points from the week prior to 2.92%. However, by the same annotation, the 2-year treasury yield increased by 4 bps and narrowed/flattened the spread between the two yields to 0.39%. Moderate inflation data had gold prices drop 1.60% to \$1,282.20 an ounce. Crude oil prices also dropped by 1.57% to \$64.61 as the market embraces for a rise in OPEC production. The U.S. dollar index moved slightly upwards to 94.78 from 93.54.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	25,316.53	25,090.48	-226.05	-0.89%	1.50%
Nasdaq	7,645.51	7,746.38	100.87	1.32%	12.21%
S&P 500	2,779.03	2,779.42	0.39	0.01%	3.96%
Russell 2000	1,672.49	1,683.91	11.42	0.68%	9.66%

## THIS WEEK'S HIGHLIGHTS

- U.S. consumer prices rose a marginal 0.2% in May amid a more moderate rise in gas prices. Year-over-year consumer prices have risen 2.8%, the largest increase in 6 years yet still historically moderate. U.S. consumer prices excluding the more volatile food and energy components rose 0.2% in May and 2.2% year-over-year.
- U.S. producer prices rose more than expected in May at 0.5%, led by large jumps in steel and aluminum prices. The rise also resulted in a year-over-year change of 3.1%, a sign that inflation is picking up but still historically moderate. Excluding the more volatile food and energy components, producer prices rose 0.3% in May and 2.4% year-over-year.

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- The Federal Reserve raised the federal funds rate by an additional 0.25% to a target rate range of 1.75 to 2.00%. The Federal committee noted in their meeting that economic growth is rising at a “solid” rate, an upward revision from a “moderate” rate noted in their last meeting. The Fed also indicated 2 more additional rate hikes are likely this year, as most analysts expected.
- Initial unemployment claims dropped by a modest 4,000 for the week ending June 9<sup>th</sup> for a total of 218,000 claims. The less volatile 4-week average of initial unemployment claims also dropped by an even more modest 1,250 total claims. Continuing claims dropped by a sizable 49,000 to 1.70 million total claims. All these readings are either at or near their all-time historic lows.
- U.S. industrial production dropped by an unexpected 0.1% in May after rising three consecutive months in a row. A large drop in automobile production (more specifically Ford automobiles) was the largest driver in the drop. However, production outside of autos were weak with hi-tech rising only 0.2% and business equipment dropping 1.1%.

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### QUOTE OF THE WEEK

“You can’t produce a baby in one month by getting nine women pregnant. It just doesn’t work that way”  
- Warren Buffett

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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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