

The Market Week in Review

For Week Ending June 2, 2018

THE MARKETS

Stocks finished mostly higher despite a volatile week over U.S. and China trade talks as strong economic data increased investor confidence. Interest rates dropped with the 10-year treasury yield reaching 2.89%, 4 basis points lower than the week prior. However, the spread between the 2-year treasury yield and the 10-year treasury yield shrunk by 5 basis points to 0.43% as short-term rates moved higher. The price of gold moved modestly lower to \$1,297.90 an ounce as concerns of inflation diminished. Oil prices dropped a significant 2.97% to \$65.71 a barrel amid surging U.S. output. The U.S. Dollar index moved slightly lower to 94.15 from 94.26 the week prior.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	24,753.09	24,635.21	-117.88	-0.48%	-0.34%
Nasdaq	7,433.85	7,554.33	120.48	1.62%	9.43%
S&P 500	2,721.33	2,734.62	13.29	0.49%	2.28%
Russell 2000	1,626.93	1,647.98	21.05	1.29%	7.32%

THIS WEEK'S HIGHLIGHTS

- GDP grew by a 2.2% annualized rate in the first quarter of 2018, slightly slowing down from the previous quarters 2.9% annualized growth rate. The drop in GDP was largely attributed to a slowdown in consumer spending (which accounts for approximately two-thirds of GDP) as it dropped to a 1.0% annualized growth rate from the previous quarters 1.1% growth rate.
- The U.S. trade deficit narrowed by a modest 0.6% in April to \$68.2 billion, however it came in much lower than the \$71 billion deficit expected. Despite the drop in the deficit, U.S. exports in fact dropped by 0.5% but was offset by the heavier weighted imports, which also dropped by 0.5%.

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- Initial unemployment claims dropped by 13,000 to 221,000 for the week ending May 26th, remaining at historically low levels. Continuing unemployment claims also dropped by 16,000 to 1.73 million.
- Personal income rose by 0.3% for the month of April, as expected. Both headline PCE and core PCE (which excludes the volatile food and energy components) rose by 0.2%, leaving them at a year-over-year increase of 2.0% and 1.8%, respectively.
- Nonfarm payrolls jumped by 59,000 to 223,000 in May, exceeding expectations by a substantial 33,000. The rise in payrolls thereby reduced the unemployment rate to 3.8%, reaching its lowest level in 18 years. Hourly earnings also rose by 0.3% in May for a year-over-year change of 2.7%.
- The ISM manufacturing index rose faster than expected to 58.7 in May from 57.3 in April. The rise resulted in the 21st consecutive rise in the index. Construction spending also rose by 1.8%, for its largest increase since January of 2016.

QUOTE OF THE WEEK

“No two market environments are ever the same. The only constants are risk and human nature. Everything else about the future is always uncertain.”

- Ben Carlson

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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