

The Market Week in Review

For Week Ending June 23, 2018

THE MARKETS

Stocks finished mostly lower as looming concerns on international trade continue to worry investors. However small/mid-cap stocks, as determined by the Russell 2000, finished the week slightly higher as they tend to have less global ties. Interest rates also moved lower with the 10-year treasury yield dropping 2 basis points to 2.90%. The spread between the 10-year treasury yield and the 2-year treasury yield also dropped by 2 basis points to 0.37% as the 2-year treasury yield was unchanged. Gold prices dropped by a moderate 0.77% to \$1,272.20 an ounce as inflation concerns diminish, and crude oil prices jumped by a significant 7.14% to \$69.22 a barrel after OPEC agreed to moderate oil output. The U.S. dollar index settled at 94.54, inching lower from last week's reading of 94.78.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	25,090.48	24,580.89	-509.59	-2.03%	-0.56%
Nasdaq	7,746.38	7,692.82	-53.56	-0.69%	11.44%
S&P 500	2,779.42	2,754.88	-24.54	-0.88%	3.04%
Russell 2000	1,683.91	1,685.58	1.67	0.10%	9.77%

THIS WEEK'S HIGHLIGHTS

- Housing starts jumped 5.0% in May to an annualized rate of 1.35 million, the highest level since 2007. The jump in housing starts was largely driven by an acceleration in single-family and multi-family homes. However, housing permits fell by a steep 4.6% to an annualized rate of 1.30 million.
- Despite a sharp rise in housing starts, existing home sales have fallen for the second straight month for a 0.4% drop in May, for a year-over-year change of -3.0%. Much of the drop in sales can be attributed to rising home prices which have risen 2.7% for the month and 4.9% year-over-year to an all-time high median price of \$264,800.

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- Initial unemployment claims were unchanged at 218,000 for the week ending June 16th, but they still remain historically very low. However, the less volatile, 4-week moving average of initial unemployment claims in fact dropped by 3,000 to 221,000. Continuing unemployment claims rose by 22,000 to 1.72 million, yet the 4-week moving average dropped by 4,000 and also sits at 1.72 million.
- The Philly Fed's manufacturing index sharply dropped 14.5 points to 19.9 in June after coming off unsustainably strong growth in May, easing the momentum to a more healthy level. Much of the sharp decline in the index came from a drop in new orders, which fell by 23 points to 17.9.

TIDBITS

After the Federal Reserve conducted a stress test on large U.S. banks, it was determined that all of the banks have enough capital to withstand a severe economic downturn.

QUOTE OF THE WEEK

“A dollar picked up in the road is more satisfying to us than the 99 which we had to work for, and the money won at Faro or in the stock market snuggles into our hearts in the same way.”
- Mark Twain

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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