

The Market Week in Review

For Week Ending June 30, 2018

THE MARKETS

U.S. stocks finished lower after a volatile week amid ongoing concerns over international trade. Interest rates continue to move lower with the 10-year treasury yield dropping 5 basis points to 2.85%. The spread between the 10-year treasury yield and the 2-year treasury yield also dropped by 5 basis points and narrowed to a margin of 0.32%. Gold prices continue to decline as inflation rises with the per ounce price dropping 1.41% to \$1,254.20. Oil prices jumped a significant 7.27% to \$74.25 a barrel over ongoing concerns on supply. The U.S. dollar index was virtually unchanged for the week settling at 94.51.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	24,580.89	24,271.41	-309.48	-1.26%	-1.81%
Nasdaq	7,692.82	7,510.30	-182.52	-2.37%	8.79%
S&P 500	2,754.88	2,718.37	-36.51	-1.33%	1.67%
Russell 2000	1,685.58	1,643.07	-42.51	-2.52%	7.00%

THIS WEEK'S HIGHLIGHTS

- Despite high home prices and rising mortgage rates, new home sales jumped 6.70% in May to an annualized rate of 689,000. Although home prices are historically high, the median price in fact fell 1.70% in May to \$313,000. Supply of new homes also continues to lag the strong demand for them as supply relative to sales continues to trend lower.
- Durable goods orders fell by 0.60% in May as tariffs and trade tensions begin to weigh on growth. Much of the drop came from automobile orders which fell 4.2%, the largest drop in automobile orders since 2015. Excluding the

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heavily weighted transportation component (automobiles and airplanes), durable goods still declined by 0.30% for the month.

- U.S. exports of goods surged by 2.10% in May to \$143.6 billion while imports increased by a moderate 0.2% to \$208.4 billion. As a result, the U.S. trade deficit of goods shrunk by \$2.5 billion to \$64.8 billion.
- First quarter GDP slowed down from the prior quarters 2.2% annualized growth rate to a 2.0% annualized growth rate. Much of the decrease in the growth rate can be attributed to a slowdown in consumer spending. However, business investment seems to be growing strong, perhaps a boost from this year's corporate tax cuts.
- Initial unemployment claims rose more than expected for the week ending June 23rd, but still remain historically very low at 227,000. On the other hand, continuing unemployment claims fell by 21,000 to 1.71 million total claims, allowing its 4-week average to reach its lowest level since 1973 at 1.72 million.
- U.S. consumer prices accelerated in May, causing the closely watched core inflation indicator (core PCE) to hit the Federal Reserve's target of 2.0% annualized growth for the first time in six years. In addition, U.S. personal income and wages both rose by a reasonable 0.40% and 0.30%, respectively.

QUOTE OF THE WEEK

"I once met an economist who believed that everything was fungible for money, so I suggested he enclose himself in a large bell-jar with as much money as he wanted and see how long he lasted."

- Amory Lovins

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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