

The Market Week in Review

For Week Ending May 26, 2018

THE MARKETS

Stocks finished the week modestly higher despite geopolitical concerns of trade between the U.S. and China, and Trump canceling the summit with North Korea. Interest rates dropped with the 10-year treasury yield falling 14 basis points to 2.93%. The spread between the 10-year treasury yield and the 2-year treasury yield also dropped to 0.48%, 6 basis points lower than the week prior. Gold prices moved slightly higher, rising 0.77% to \$1,302.70 an ounce. Crude oil prices dropped over 5.0% to \$67.72 a barrel as OPEC and Russia consider lowering their output gaps. The U.S. dollar index continues to rise, moving 1.7 points from last week to 94.26.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	24,715.09	24,753.09	38.00	0.15%	0.14%
Nasdaq	7,354.34	7,433.85	79.51	1.08%	7.68%
S&P 500	2,712.97	2,721.33	8.36	0.31%	1.78%
Russell 2000	1,626.63	1,626.93	0.30	0.02%	5.95%

THIS WEEK'S HIGHLIGHTS

- New home sales slowed down in April, dropping 32,000 from the month prior to an annualized rate of 662,000. The median sales price of new homes dropped 6.9% to \$312,000, a sign that price discounting may be underway due to rising mortgage rates.
- The release of the Federal Open Market Committee minutes from its May meeting showed support for an interest rate hike in June and a low concern about inflation. Fed officials say the economic outlook warrants another rate hike "soon" and a temporary period of inflation above the traditional 2.0% would be consistent with the Committee's inflation objective.

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- Initial unemployment claims jumped by 11,000 for the week ending May 19th to a total of 234,000. Despite the spike in initial unemployment claims, 234,000 claims still remains historically low. Continuing unemployment claims also saw a jump of 29,000 to 1.75 million, however, the 4-week average of continuing claims reached its 45-year low of 1.74 million.
- Existing home sales showed a loss of strength as they fell 2.5% in April to a seasonally adjusted annual rate of 5.46 million. Year-over-year existing home sales have declined 1.4%. However, concerns over limited supply of housing were relieved as supply saw a sizable increase of 1.8 million for a monthly gain of 9.8%.
- Durable goods orders fell 1.7% in April, coming in below expectations of a 1.2% drop. However, excluding the heavily weighted and volatile transportation equipment, durable goods orders rose a solid 0.9% for the month of April.

QUOTE OF THE WEEK

“Understanding that we do not know the future is such a simple statement, but it’s so important.”

– Peter Bernstein

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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