

The Market Week in Review

For Week Ending May 5, 2018

THE MARKETS

The stock market finished the week mixed as investors digest corporate earnings reports. However the tech heavy Nasdaq index rose over 1.0% as Apple exceeded earnings expectations. Interest rates inched lower with the 10-year treasury yield dropping 2 basis points to 2.94%. Yet, short-term interest rates moved higher and narrowed the spread between the 2-year treasury yield and the 10-year treasury yield by 9 basis points to 0.45%. Gold prices moved by a slight 0.63% to \$1,316.00 per ounce while crude oil prices jumped 2.54% to \$69.79 a barrel amid tensions between the U.S. and Iran. The U.S. dollar index continues to move higher, increasing by 1.04 points to 92.57.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	24,311.19	24,262.51	-48.68	-0.20%	-1.85%
Nasdaq	7,119.80	7,209.62	89.82	1.26%	4.44%
S&P 500	2,669.91	2,663.42	-6.49	-0.24%	-0.38%
Russell 2000	1,556.24	1,565.60	9.36	0.60%	1.96%

THIS WEEK'S HIGHLIGHTS

- The PCE index (the Feds preferred inflation index) was unchanged for the month of March, resulting in a year-over-year change of 2.0%. Meanwhile, consumer spending rose by 0.4% in March for the first time in three months. Personal income also rose by 0.3% in March, slightly below expectations.
- The Federal Open Market Committee left rates unchanged at a target of 1.5% to 1.75%, as expected. However, the Committee acknowledged their concerns that inflation is creeping higher.

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- The U.S. trade deficit dropped by a significant 15% in March to \$49.4 billion, its lowest level in six months. The drop in the deficit was supported by both a 2% increase in exports and a 1.8% decrease in imports.
- Initial unemployment claims rose by 2,000 for the week ending April 28th, to a level of 211,000 total claims. Despite the increase, initial claims came in below expectations and has the four-week moving average of initial claims at its lowest level since 1973.
- Factory orders of U.S. made goods rose more than expected by a 1.6% increase in March. Much of the increase was boosted by a strong demand in transportation equipment. However, despite the increase in factory orders, the report also showed signs that business spending on equipment is slowing.
- U.S. nonfarm payrolls increased by 164,000 in March, while the unemployment rate dropped below 4.0% for the first time since 2000 to 3.9%. The average hourly earnings increased by 0.1%, resulting in a 2.6% increase from a year earlier.

QUOTE OF THE WEEK

“We are all born ignorant, but one must work hard to remain stupid.”

– Benjamin Franklin

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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