

WeeklyMarket Update



General Market News

- Rates remained largely unchanged last week. The 10-year U.S. Treasury opened this morning at 2.64 percent, while the 30-year opened at 2.98 percent. Rates moved higher on the long end of the curve at the beginning of the week, but these increases were offset by declines on Thursday and Friday.
- All three major U.S. indices were up by more than 2 percent last week, supported by talks of trade progress and a bounce in oil. U.S. and China trade once again grabbed headlines, as talks are set to continue this week and President Trump suggested pushing back the March tariff deadline. Additionally, U.S. retail sales declined 1.2 percent month-over-month, which showed unexpected softness in the data. This is worth monitoring going forward, as both the U.S. and China are testing the resilience of their economies before the potential March trade.
- West Texas Intermediate crude was up more than 5 percent on the week, making energy the top-performing sector. This was followed by industrials and materials. The top underperformers were utilities, REITs, and communication services.
- Last week was relatively quiet on the economic update front, as there were only two major data releases. On Tuesday, the Institute for Supply Management Nonmanufacturing index declined by more than expected, falling to 56.7. This is still a level that indicates economic expansion.
- On Wednesday, the international trade report for November showed an unexpected decline in the trade deficit. This was driven by a larger decline in imports than exports, as U.S. firms stockpiled imports earlier in the year in anticipation of increased tariffs.

Market Index Performance Data

EQUITIES

Index	Week-to-Date %	Month-to-Date %	Year-to-Date %	12-Month %
S&P 500	2.56	2.78	11.02	3.65
Nasdaq Composite	2.41	2.70	12.75	4.07
DJIA	3.21	3.80	11.37	5.08
MSCI EAFE	2.04	0.58	7.20	-7.61
MSCI Emerging Markets	-0.49	-1.81	6.81	-11.85
Russell 2000	4.22	3.05	16.52	3.46

Source: Bloomberg

FIXED INCOME

Index	Month-to-Date %	Year-to-Date %	12-Month %
U.S. Broad Market	0.04	1.10	3.30
U.S. Treasury	-0.03	0.44	3.55
U.S. Mortgages	-0.12	0.68	3.63
Municipal Bond	0.29	1.05	3.91

Source: Morningstar Direct



What to Look Forward To

This week will be relatively quiet on the economic update front, with only two major releases scheduled for the holiday-shortened week. On Wednesday, the minutes from the Federal Reserve's (Fed's) January meeting will be released. The Fed decided to keep rates unchanged in January, and the released statement

removed language that spoke of future gradual rate hikes. This was a major change in the Fed's policy, so economists are eager to see the discussions from the meeting.

On Thursday, December's delayed durable goods orders are set to be released. Economists expect 1.7-percent

What to Look Forward To (continued)

growth in orders, driven by a large increase in aircraft orders for Boeing in December. The core index, which strips out volatile transportation orders,

is expected to increase by a healthy 0.3 percent.

Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. The Nasdaq Composite Index measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg Barclays US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg Barclays US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg Barclays US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. Rev.02/19.

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