Weekly Market Update

General Market News

- After two weeks of volatility, rates were relatively flat last week. The 10-year Treasury yield opened at 1.77 percent on Monday, and the 30-year and the 2-year opened at 2.27 percent and 1.59 percent, respectively.

- The S&P 500 and Nasdaq Composite indices both moved higher last week, while the Dow Jones Industrial Average ticked down slightly. The best-performing sectors were health care, REITs, and financial services. Health care moved higher on a strong beat from managed care provider UnitedHealth. The worst-performing sectors were energy, technology, and consumer staples, with oil (West Texas Intermediate) dropping by 1.7 percent for the week.

- One focus of the past week was the bank earnings of JPMorgan Chase, Bank of America, and Citigroup. Despite pressure on net-interest income, all three banks beat expectations, as fee income helped offset weakness in income on deposits.

- On Wednesday, September's retail sales report was released. Headline sales disappointed, falling 0.3 percent against expectations for a 0.3 percent gain. Part of this decline can be attributed to falling gas prices. But even the core retail sales figure, which strips out the impact of gasoline and vehicle prices, disappointed by remaining flat for the month.

- On Thursday, September's building permits and housing starts were released. Permits fell by 2.7 percent against expectations for a 5.3 percent drop. Housing starts fell by 9.4 percent during the month, against expectations for a 3.2 percent decline. Despite the decline in September, housing starts remain near post-recession highs.

Market Index Performance Data

EQUITIES

Index	Week-to-Date %	Month-to-Date %	Year-to-Date %	12-Month %
S&P 500	0.55	0.41	21.05	10.07
Nasdaq Composite	0.40	1.16	22.95	9.28
DJIA	–0.13	–0.44	16.99	8.08
MSCI EAFE	1.24	1.69	15.26	7.39
MSCI Emerging Markets	1.27	2.41	8.77	8.66
Russell 2000	1.57	0.83	15.13	–0.17

Source: Bloomberg

FIXED INCOME

Index	Month-to-Date %	Year-to-Date %	12-Month %
U.S. Broad Market	–0.17	8.34	10.89
U.S. Treasury	–0.35	7.33	10.69
U.S. Mortgages	0.03	5.63	8.61
Municipal Bond	0.09	6.85	9.43

Source: Morningstar Direct

What to Look Forward To

On Tuesday, September's existing home sales report is set to show a modest 0.5 percent decline for the month. Despite the anticipated decline in monthly sales, however, existing home sales are expected to show strong year-over-year growth. Such a result would mark the third straight month of year-over-year growth in existing home sales. This trend is encouraging given the weakness we saw in 2018 and the beginning of this year.

On Thursday, September's durable goods orders report will be released. Economists expect orders to decline by 0.6 percent during the month, believing that uncertainty regarding trade will slow business investment. As forecasted for the industrial production figures, the General Motors strike is likely to play a part in the predicted slowdown. Core durable goods orders, which strip out the impact of volatile transportation orders, are expected to decline by 0.3 percent.

Also on Thursday, September's new home sales are scheduled to be released. As with sales of existing homes, new home sales are expected to show a modest 0.4 percent monthly decline, with strong year-over-year growth. Compared with existing home sales, new home sales

What to Look Forward To (continued)

represent a smaller and more volatile portion of the market. If new home sales decline, the broader housing market is unlikely to be affected.

Finally, we'll finish the week with the second and final reading of the University of Michigan consumer confidence survey for October. The index is not expected to change from the preliminary reading of 96 earlier this month. If confidence remains unchanged from the start of October, this result would represent a healthy recovery from the drop to 89.8 that we saw in August and would mark the second straight month of increasing confidence. Given the slowdown we saw in September's retail sales, continued improvements to consumer confidence would go a long way to calm concerns about a potential slowdown in the fourth quarter.

Authored by the Investment Research team at Commonwealth Financial Network.