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MARKET WEEK: MAY 14, 2018

The Markets (as of market close May 11, 2018)

Boosted by higher oil shares and rebounding tech stocks, the benchmark indexes listed here advanced markedly for the first time in several weeks. Gains were enough to push each of the indexes into the black year-to-date, led by the Nasdaq and the Russell 2000. By last week's end, each of the indexes posted gains exceeding 2.0%. Not since the week ended April 13 have the indexes listed here posted gains exceeding 1.0%. Investors also may have taken comfort in the presumption that inflation isn't heading skyward based on the modest increase in the Consumer Price Index. Soft prices may preclude, at least temporarily, the Federal Reserve from increasing interest rates.

The price of crude oil (WTI) continued to surge last week closing at \$70.58 per barrel, up from the prior week's closing price of \$68.26 per barrel. The price of gold (COMEX) jumped to \$1,319.50 by early Friday evening, up from the prior week's price of \$1,316.70. The national average retail regular gasoline price decreased to \$2.845 per gallon on May 7, 2018, \$0.001 lower than the prior week's price but \$0.473 more than a year ago.

Market/Index	2017 Close	Prior Week	As of 5/11	Weekly Change	YTD Change
DJIA	24719.22	24262.51	24831.17	2.34%	0.45%
Nasdaq	6903.39	7209.62	7402.88	2.68%	7.24%
S&P 500	2673.61	2663.42	2727.72	2.41%	2.02%
Russell 2000	1535.51	1565.60	1606.79	2.63%	4.64%
Global Dow	3085.41	3044.54	3108.41	2.10%	0.75%
Fed. Funds target rate	1.25%-1.50%	1.50%-1.75%	1.50%-1.75%	0 bps	25 bps
10-year Treasuries	2.41%	2.95%	2.96%	1 bps	55 bps

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic Headlines

- The Consumer Price Index increased 0.2% in April after falling 0.1% in March. Over the last 12 months, the CPI has risen 2.5%. Gasoline prices (3.0%) led the price increase in energy (1.4%), which essentially carried the overall CPI. The index less food and energy (core prices) rose 0.1% for the month, and 2.1% for the 12 months ended in April. Of particular note, over the past 12 months, prices for energy (7.9%), gasoline (13.4%), and fuel oil (22.6%) have increased substantially.
- Producer prices moved very little in April, up a scant 0.1% over March, when prices jumped 0.3%. In fact, the bump in prices is attributable to a 0.1% rise in the prices producers got for services - prices for goods were unchanged in April. Not unexpectedly, steel and aluminum prices increased over the month. Producer prices are up 2.6% for the 12 months ended in April.

- The number of job openings increased by nearly 500,000 in March over February. Hires dropped slightly while total separations increased marginally. Of note, the gap between job openings and hires is 1.125 million, indicating that employers are having a hard time filling positions.
- The federal government enjoyed the largest April budgetary surplus on record, bolstered by large individual tax deposits. For April, total government receipts were \$510.45 billion, while government outlays were \$296.12 billion, netting a monthly budget surplus of \$214.26 billion. Through the first seven months of the fiscal year, the budget surplus sits at \$385.44 billion. Over the same period last year, the federal budget surplus was \$344.43 billion - a difference of about \$41 billion.
- U.S. import prices increased 0.3% in April following a 0.2% decline in March. Prices for U.S. imports rose 3.3% between April 2017 and April 2018. Fuel and petroleum prices notably increased, adding to the overall cost of imports. Prices for U.S. exports rose 0.6% in April, after increasing 0.3% in March. U.S. export prices increased 3.8% over the past year, the largest 12-month increase since a 4.8% rise for the year ended November 2011. Prices for agricultural exports fell 1.2% in April after recording a 3.2% rise in March. China's shutdown of U.S. soybean imports may have impacted the drop in agricultural export prices.
- In the week ended May 5, there were 211,000 initial claims for unemployment insurance, unchanged from the previous week's level. The advance insured unemployment rate rose to 1.3%. The advance number of those receiving unemployment insurance benefits during the week ended April 28 was 1,790,000, an increase of 30,000 from the prior week's level, which was revised up by 4,000.

Eye on the Week Ahead

If the recent purchasing managers' survey responses are any indication, this week's Federal Reserve report on industrial production should be encouraging. The latest figures on new residential construction for April are also out this week. Building permits and housing starts were strong in March, but bad weather throughout the country slowed housing completions. April's report should show a more favorable rate of new home completions.

Data sources: All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. Market data: U.S. Treasury (Treasury yields); WSJ Market Data Center (equities); Federal Reserve Board (Fed Funds target rate); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprice.org (spot gold, NY close); Oanda/FX Street (currency exchange rates). Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indices listed are unmanaged and are not available for direct investment.