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Weekly Market Update, February 19, 2019 *Presented by Bruce & Dawn Cramer*

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.

Equity 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 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.

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