

## Virginia Asset Group

Darin M. Ely  
President  
2901 S. Lynnhaven Rd.  
Ste. 230  
Virginia Beach, VA 23452  
757-747-2556  
877-747-2557  
dely@virginiaassetgroup.com  
www.virginiaassetgroup.com



# Market Week: October 10, 2016



## The Markets (as of market close October 7, 2016)

Equities took a tumble early last week as the Dow, the Nasdaq, the S&P 500, and the Russell 2000 lost value. Only the Global Dow saw gains, largely feeding off the fading value of the British pound. Oil (WTI) opened last week on an uptick, gaining over \$0.40 per barrel late last Monday. On Tuesday, word that the European Central Bank would reduce stimulus and raise interest rates (a fact that was denied by the ECB) sent U.S. and global stocks reeling. Bond yields jumped, with the yield on 10-year Treasuries gaining almost 10 basis points by Wednesday morning. Gold fell \$42 to \$1,276.40, and the Dow tumbled almost 140 points compared to its closing value from the prior week. Oil prices continued to climb on news that U.S. reserves fell for the fifth consecutive week.

As last week came to a close, stocks slipped further as each of the indexes listed here lost value except for the Global Dow, which posted a small gain. A weaker-than-expected jobs report didn't help matters. Bond prices fell as yields jumped to their highest levels in quite some time. The yield on 10-year Treasuries increased 13 basis points last week.

The price of crude oil (WTI) closed at \$49.55 per barrel last week, up from \$48.05 per barrel the previous week. The price of gold (COMEX) plummeted \$60, closing at \$1,258.60 by late Friday afternoon, down from the prior week's price of \$1,318.80. The national average retail regular gasoline price increased to \$2.245 per gallon on October 3, 2016, \$0.021 more than last week's price but \$0.073 less than a year ago.

Market/Index	2015 Close	Prior Week	As of 10/7	Weekly Change	YTD Change
<b>DJIA</b>	17425.03	18308.15	18240.49	-0.37%	4.68%
<b>Nasdaq</b>	5007.41	5312.00	5292.40	-0.37%	5.69%
<b>S&amp;P 500</b>	2043.94	2168.27	2153.74	-0.67%	5.37%
<b>Russell 2000</b>	1135.89	1251.65	1236.56	-1.21%	8.86%
<b>Global Dow</b>	2336.45	2459.66	2464.52	0.20%	5.48%
<b>Fed. Funds target rate</b>	0.25%-0.50%	0.25%-0.50%	0.25%-0.50%	0 bps	0 bps
<b>10-year Treasuries</b>	2.26%	1.59%	1.72%	13 bps	-54 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 Headlines

- The number of new jobs created in September fell a bit from August. According to the Bureau of Labor Statistics, there were 156,000 new jobs in September, down from 167,000 in August. September's total number of new jobs is well below the 178,000 monthly average for 2016. The unemployment rate inched up 0.1 percentage point to 5.0%, and the number of unemployed persons was little changed at 7.9 million. The employment to population ratio was 59.8 — up 0.1 percentage point from August, while the labor participation rate was little changed at 62.9. In September, the average workweek for all

## Key Dates/Data Releases

10/12: JOLTS

10/13: Import and export prices, Treasury budget

10/14: Producer Price Index, retail sales, consumer sentiment

employees on private nonfarm payrolls increased by 0.1 hour to 34.4 hours. In September, average hourly earnings for all employees on private nonfarm payrolls rose by \$0.06 to \$25.79. Over the year, average hourly earnings have risen by 2.6%. Overall, this lackluster jobs report should quell any thoughts of the Fed raising interest rates when it meets again in November.

- The Institute for Supply Management Report On Business® for September showed manufacturing expanding as the purchasing managers' index (PMI) came in at 51.5% compared to 49.4% in August. Of the 18 manufacturing industries covered, 7 reported growth, including food, beverage & tobacco products, and computer & electronic products. Industries reporting contraction include petroleum & coal products; apparel, leather & allied products; transportation equipment; and machinery. Noteworthy is the 6 percentage point increase in new orders in September over August.
- The seasonally adjusted final Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™) registered 51.5, down slightly from 52.0 in August, to signal the weakest improvement in overall business conditions since June. Manufacturers noted slower growth in September due to a reduction in client demand and diminished export sales. A reading above 50.0 indicates growth, but at a slower pace than in August. While the Markit and ISM reports may appear divergent, they are essentially reporting slow growth in the manufacturing sector.
- The Institute for Supply Management's Non-Manufacturing ISM® Report On Business® shows economic activity expanded in the non-manufacturing, or services, sector in September. The non-manufacturing index registered 57.1% in September, 5.7 percentage points higher than the August reading of 51.4%. This is the highest reading since October 2015. Survey respondents also reported an increase in business activity, new orders, employment, and prices. Covered non-manufacturing sectors include agriculture, utilities, retail trade, management of companies & support services, health care & social assistance, transportation & warehousing.
- The U.S. goods and services deficit was \$40.7 billion in August, up \$1.2 billion from July. August exports were \$187.9 billion, \$1.5 billion more than July exports. August imports were \$228.6 billion, \$2.6 billion more than July imports. Year-to-date, the goods and services deficit decreased \$4.3 billion, or 1.3%, from the same period in 2015. Exports decreased \$62.4 billion, or 4.1%. Imports decreased \$66.8 billion, or 3.6%. The positive from the report is the increase in exports against the continued strength of the dollar. Higher imports reflects strengthening of domestic demand for goods and services.
- In the week ended October 1, the advance figure for seasonally adjusted initial unemployment insurance claims was 249,000, a decrease of 5,000 from the prior week's unrevised level. The advance seasonally adjusted insured unemployment rate remained at 1.5%. The advance number for seasonally adjusted insured unemployment during the week ended September 24 was 2,058,000, a decrease of 6,000 from the previous week's revised level.

## Eye on the Week Ahead

The Columbus holiday week begins with the job openings report for August. While a bit dated, the report provides information on the number of job openings, hires, and quits. At the end of the week, a couple of reports relating to inflationary trends are available. The Producer Price Index for September measures price changes from the producers' perspective relative to goods, services, and construction sold to the consumer. The retail sales report offers a comparison on merchandise and services sold to consumers based on the total receipts of merchants.

*Data sources: 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: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. 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.*

---

Investment and insurance products and services are offered through INFINEX INVESTMENTS, INC. Member FINRA/SIPC. Infinex and the bank are not affiliated. Products and services made available through Infinex are not insured by the FDIC or any other agency of the United States and are not deposits or obligations of nor guaranteed or insured by any bank or bank affiliate. These products are subject to investment risk, including the possible loss of value.

NOT FDIC-INSURED. NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY. NOT GUARANTEED BY THE BANK. MAY GO DOWN IN VALUE.