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Market Week: March 12, 2018



The Markets (as of market close March 9, 2018)

Last week's jobs report appears to have quelled investor fears, at least for the time being. Each of the indexes listed here posted impressive weekly gains, led by the tech-heavy Nasdaq and the small-cap Russell 2000, each of which gained over 4.0%. While the February employment figures saw over 300,000 new jobs added, meager wage growth didn't support accelerating inflation. Last week's rebound also pushed the major indexes ahead of their 2017 year-end values.

The price of crude oil (WTI) rose last week, closing at \$62.12 per barrel early Friday evening, ahead of the prior week's closing price of \$61.45 per barrel. The price of gold (COMEX) climbed to \$1,324.00 by early Friday evening, up from the prior week's price of \$1,323.70. The national average retail regular gasoline price increased to \$2.560 per gallon on March 5, 2018, \$0.012 greater than the prior week's price and \$0.219 higher than a year ago.

Market/Index	2017 Close	Prior Week	As of 3/9	Weekly Change	YTD Change
DJIA	24719.22	24538.06	25335.74	3.25%	2.49%
Nasdaq	6903.39	7257.87	7560.81	4.17%	9.52%
S&P 500	2673.61	2691.25	2786.57	3.54%	4.22%
Russell 2000	1535.51	1533.17	1597.14	4.17%	4.01%
Global Dow	3085.41	3065.64	3143.16	2.53%	1.87%
Fed. Funds target rate	1.25%-1.50%	1.25%-1.50%	1.25%-1.50%	0 bps	0 bps
10-year Treasuries	2.41%	2.86%	2.89%	3 bps	48 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

- February saw 313,000 new jobs added, according to the latest employment report from the Bureau of Labor Statistics. Notable job gains occurred in construction (61,000), retail trade (50,000), professional and business services (50,000), and manufacturing (31,000). The unemployment rate remained at 4.1% for the fifth consecutive month. The average workweek for all employees rose by 0.1 hour to 34.5 hours in February. Average hourly earnings for all employees rose by \$0.04 to \$26.75, following a \$0.07 gain in January. Over the year, average hourly earnings have increased by \$0.68, or 2.6%. Overall, the number of significant new jobs added is a positive, while wages increased by only 0.1% for the month. The year-over-year gain slowed in February (2.6%) compared to January (2.9%), which was the largest gain since 2009. This should be positive news for investors who shunned the market for fear of rising inflation and interest rates.
- The non-manufacturing (services) sector of the economy expanded in February, but at a slightly slower pace than the previous month, according to the latest report from the Institute for Supply Management.

Key Dates/Data Releases

3/12: Treasury budget

3/13: Consumer Price Index

3/14: Producer Price Index, retail sales

3/15: Import and export prices

3/16: Housing starts, industrial production, JOLTS

Supply managers indicated that manufacturing business activity, and new orders expanded, while employment and prices decreased last month. According to the report, the majority of respondents remain positive about business conditions and the economy.

- A report that could bolster President Trump's trade policy of increasing tariffs on imports, January's goods and services trade deficit expanded sharply to \$56.6 billion, up \$2.7 billion from the \$53.9 billion December revised deficit. In January, exports narrowed by \$2.7 billion, while imports remained relatively the same, down less than \$0.1 billion from December's imports. Year-over-year, the goods and services deficit increased \$7.9 billion, or 16.2%, from January 2017. Exports increased \$9.7 billion, or 5.1%. Imports increased \$17.6 billion, or 7.4%.
- In the week ended March 3, there were 231,000 initial claims for unemployment insurance, an increase of 21,000 from the previous week's level. The advance insured unemployment rate dipped to 1.3% for the week ended February 24. The advance number of those receiving unemployment insurance benefits during the week ended February 24 was 1,870,000, a decrease of 64,000 from the prior week's level, which was revised up by 3,000.

Eye on the Week Ahead

Fears of rising inflation and interest rates have worried investors over the past several weeks. Important inflationary indicators are out this week with the Consumer Price Index, Producer Price Index, and retail sales report. While consumer spending has been modest, prices for consumer goods and services have been rising in a sure sign of inflationary pressures.

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.

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