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Market Week: September 25, 2017

The Markets (as of market close September 22, 2017)

The benchmark indexes listed here ended last week mixed, with the large caps of the S&P 500 and Dow posting modest gains, while the tech-heavy Nasdaq fell back a bit. The small-cap Russell 2000 performed the best, gaining 1.33%. Energy stocks climbed as oil prices hit a three-month high. The yield on 10-year Treasuries climbed as prices fell. Overall, trading was rather subdued, probably in response to the strong dialogue between the United States and North Korea.

The price of crude oil (WTI) cracked the \$50 mark for the first time in a while, closing at \$50.66 per barrel, up from the prior week's closing price of \$49.83 per barrel. The price of gold (COMEX) fell to \$1,300.50 by early Friday evening, \$23.00 lower than the prior week's price of \$1,323.50. The national average retail regular gasoline price decreased to \$2.634 per gallon on September 18, 2017, \$0.051 less than the prior week's price and \$0.409 more than a year ago.

Market/Index	2016 Close	Prior Week	As of 9/22	Weekly Change	YTD Change
DJIA	19762.60	22268.34	22349.59	0.36%	13.09%
Nasdaq	5383.12	6448.47	6426.92	-0.33%	19.39%
S&P 500	2238.83	2500.23	2502.22	0.08%	11.76%
Russell 2000	1357.13	1431.71	1450.78	1.33%	6.90%
Global Dow	2528.21	2890.56	2907.95	0.60%	15.02%
Fed. Funds target rate	0.50%-0.75%	1.00%-1.25%	1.00%-1.25%	0 bps	50 bps
10-year Treasuries	2.44%	2.20%	2.25%	5 bps	-19 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

- Despite strengthening in the labor market and modest economic growth, the Federal Open Market Committee decided to maintain the target range for the federal funds rate at 1.00%-1.25%. In deciding to maintain interest rates at their current level, the Committee noted that inflation has remained below the FOMC's 2% target, and the likelihood that hurricanes Harvey, Irma, and Maria will affect economic activity in the near term. Nevertheless, the Committee indicated that rates could be increased at least one more time before the end of the year.
- Considering the impact of Hurricane Harvey, new home construction in August was solid. Building permits, a direct indicator of future construction, were up 5.7% in August over July, and 8.3% above August 2016. Privately owned housing starts fell 0.8% (still 1.4% above last year), while housing completions were down 10.2% from July, possibly reflecting the impact of Hurricane Harvey.
- Sales of existing homes fell in August for the fourth time in the last five months. Existing home sales, which include single-family homes, townhomes, condominiums, and co-ops, retreated 1.7% to a



Key Dates/Data Releases

9/26: New home sales, consumer confidence

9/27: Durable goods orders

9/28: GDP, international trade in goods

9/29: Personal income and outlays, consumer sentiment

seasonally adjusted annual rate of 5.35 million in August from 5.44 million in July. Last month's sales pace is 0.2% above August, 2016, and is the lowest since then. According to the National Association of Realtors®, while demand for existing homes is steady, there continues to be a lack of inventory, which is driving prices higher. Total housing inventory at the end of August declined 2.1% to 1.88 million existing homes available for sale, and is now 6.5% lower than a year ago. The median existing-home price in August was \$253,500, up 5.6% from August 2016 (\$240,000). August's price increase marks the 66th straight month of year-over-year gains.

- Import prices rose 0.6% in August, the first monthly increase since a 0.2% jump in April. This marks the largest advance for import prices since the index rose 0.6% in January. Much of the price increase was due to a 4.2% rise in fuel import prices, which is the first such increase since February and the largest advance since January. Nonfuel prices expanded 0.3% in August, driven by a 3.9% jump in nonfuel industrial supplies and materials import prices. Export prices rose 0.6% in August following a 0.5% increase the previous month. The August advance was the largest monthly rise since the index increased 0.8% in June 2016. Nonagricultural export prices advanced 0.7% in August, which is the largest advance since May 2016. The rise in export prices was driven by expanding export prices for nonagricultural industrial supplies and materials.
- In the week ended September 16, the advance figure for initial claims for unemployment insurance was 259,000, a decrease of 23,000 from the previous week's revised level. Hurricanes Harvey and Irma impacted this week's initial claims. The advance insured unemployment rate remained at 1.4%. The advance number of those receiving unemployment insurance during the week ended September 9 was 1,980,000, an increase of 44,000 from the previous week's revised level.

Eye on the Week Ahead

September and the third quarter come to an end this week. The final figures for the second-quarter gross domestic product are released this week, as is the August report on consumer income and spending.

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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