Weekly Update
Jobless Claims Clipped to 45-Year Low
As of January 19, 2018

Member FINRA/SIPC, a registered investment advisor

The Economy

- Initial jobless claims sank by 41,000 to a 45-year low of 220,000 in the week ending January 13, as companies continued to retain high numbers of employees due to a shortage of skilled labor. The less-volatile four-week moving average dipped by 6,250 to 244,500. The four-week moving average of continuing claims increased by 4,000 to 1.92 million in the week ending January 6, but remained near its 44-year low.
- The latest Federal Reserve (Fed) Beige Book pointed to a moderate economic expansion; wages gained modestly on labor-market tightness, but most regions saw little inflationary pressure.
- The Philadelphia Fed Survey showed that regional manufacturing growth expanded during December, although at a slower pace; workforce measurements remained solidly above neutral, indicating optimism about growth in future manufacturing activity.
- Industrial production rose by a better-than-expected 0.9% in December. Utility production grew by 5.6%, driven by a surge in winter demand for heating; mining production gained 1.6%, supported by an increase in oil and natural-gas extraction.
- The preliminary estimate of the University of Michigan's January consumer sentiment index came in lower than December's reading (particularly within current conditions), but registered sustained strength in consumer expectations.
- Housing starts dropped by a worse-than-expected 8.2% in December, as homebuilders remained challenged by the cold weather. Instability in single-family home construction offset a slight pickup in the multifamily home segment. Analysts suggested the drop was likely a weather-related aberration and that homebuyer demand remains robust.
- Mortgage-purchase applications jumped 3% higher in the week ending January 12 despite a rise in mortgage rates, indicating accelerating strength in the housing market. Refinancing activity (which can be sensitive to even small rate changes) climbed by 4% in the same period.
- Consumer prices in the eurozone rose by 0.4% in December, driven by increased fuel costs; the year-over-year inflation rate was 1.4%, as estimated in an earlier flash report.
- U.K. retail sales weakened by 1.5% in December as holiday spending was mostly concentrated in November, driven by the Black Friday deals.
- China's gross domestic product expanded by 1.6% in the fourth quarter and by 6.8% year over year. A combination of fixed-asset investment and industrial production helped drive growth.
- Producer prices in Japan edged 0.4% higher in November and grew by 3.5% year over year, driven partly by prices in petroleum and coal. Despite the momentum in producer-price expansion, Bank of Japan officials expect only a gradual increase in consumer prices over the intermediate-term.

U.S. Economic Calendar

- January 24: Mortgage Applications, PMI Composite Flash,
- January 25: International Trade, Jobless Claims, New Home Sales, Leading Indicators
- January 26: Durable Goods Orders, GDP

Stocks

- Global equities were up this week. Emerging markets led developed markets.
- U.S. equity sector performance was mixed. Consumer staples and healthcare led, while energy and industrials underperformed. Growth stocks had the edge over value stocks and large-company stocks beat small-company stocks.

Bonds

- Global bond markets were higher this week. Global government bonds outperformed, followed by corporate bonds; high-yield bonds lagged.
- Treasury yields rose as investors reacted to market expectations for Fed tightening in 2018.

The Numbers as of January 19, 2018	1 Week	YTD	1 Year	Friday's Close
Global Equity Indices				
MSCI ACWI ($)	0.7%	4.6%	25.2%	536.7
MSCI EAFE ($)	0.7%	4.4%	25.1%	2141.7
MSCI Emerging Mkts ($)	1.6%	6.0%	37.2%	1227.5
US & Canadian Equities				
Dow Jones Industrials ($)	1.0%	5.5%	32.1%	26071.7
S&P 500 ($)	0.9%	5.1%	24.1%	2810.3
NASDAQ ($)	1.0%	6.3%	32.4%	7336.4
S&P/ TSX Composite (C$)	0.3%	0.9%	6.1%	16353.5
UK & European Equities				
FTSE All-Share (£)	-0.7%	0.4%	8.5%	4240.5
MSCI Europe ex UK (€)	0.1%	3.1%	13.9%	1386.8
Asian Equities				
Topix (¥)	0.7%	4.0%	23.7%	1889.7
Hong Kong Hang Seng ($)	2.7%	7.8%	39.9%	32254.9
MSCI Asia Pac. Ex-Japan ($)	0.9%	4.5%	33.5%	595.5
Latin American Equities				
MSCI EMF Latin America ($)	2.7%	8.4%	26.4%	3066.7
Mexican Bolsa (peso)	1.3%	0.8%	7.5%	49754.4
Brazilian Bovespa (real)	2.4%	6.3%	27.0%	81219.5
Commodities ($)				
West Texas Intermediate Spot	-1.4%	4.9%	23.4%	63.4
Gold Spot Price	0.2%	2.1%	11.2%	1334.0
Global Bond Indices ($)				
Barclays Global Aggregate ($)	0.3%	0.5%	7.8%	487.2
JPMorgan Emerging Mkt Bond	0.0%	0.1%	8.2%	808.6
10-Year Yield Change (basis points*)				
US Treasury	11	25	18	2.66%
UK Gilt	0	15	-7	1.34%
German Bund	-1	14	19	0.57%
Japan Govt Bond	1	4	1	0.09%
Canada Govt Bond	6	19	48	2.24%
Currency Returns**				
US$ per euro	0.2%	1.8%	14.7%	1.223
Yen per US$	-0.2%	-1.7%	-3.5%	110.79
US$ per £	1.0%	2.6%	12.4%	1.387
C$ per US$	0.4%	-0.5%	-6.1%	1.250

Source: Bloomberg. Equity-index returns are price only, others are total return. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

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