

In this week's recap: an impressive jobs report, a disappointing factory activity index, a slight recovery for oil, and some tailwinds on Wall Street.

Weekly Economic Update

Presented by RTN Financial & Retirement Group, January 7, 2019

2018 ENDED WITH A HIRING SURGE

The latest Department of Labor jobs report suggests an economy with plenty of forward momentum. Employers added 312,000 net new jobs in December, the most in ten months. The main jobless rate rose 0.2% to 3.9% as more Americans entered the labor force; the U-6 rate, measuring underemployment, held at 7.6%. Last month, wages were improving at a rate of 3.2% per year, an increase of 0.1% from the prior report. November's job gain was revised up to 176,000 from the previously reported 155,000.¹

KEY MANUFACTURING INDEX DECLINES

In December, the Institute for Supply Management's purchasing manager index, tracking business activity among the nation's factories, dipped to 54.1. This reading indicates healthy expansion for the sector; on the other hand, this was the index's lowest level in 25 months. It was at 59.3 in November.²

OIL HAD A WINNING WEEK

WTI crude just snapped a 3-week losing streak. Futures settled at \$47.96 per barrel on the NYMEX, rising 5.8% in four trading days. Some analysts credited the advance to reduced worries about a recession, citing the excellent December hiring numbers and the renewed U.S.-China trade negotiations.³

STOCKS START 2019 IN THE GREEN

Three encouraging developments brought out the bulls at the end of the week. The federal government's December employment report was one pleasant surprise. Another came when Federal Reserve chair Jerome Powell said that the central bank was amenable to adjusting monetary policy and would be patient about raising rates this year. Lastly, China announced plans

to cut taxes and inject money into its banking system, and additionally, discussions on trade issues with the U.S. would resume this week. Friday, the S&P 500 climbed 3.43% to advance 1.00% on the new year to 2,531.94. The Nasdaq added 1.56% for the week to reach 6,738.86 at Friday's close; the Dow Industrials, 0.45%, to settle at 23,433.16.^{4,5}

TIP OF THE WEEK



*Some **business owners** put off buying insurance because they believe the coverage will be too costly. Having **some insurance is better than none**. A small business can insure itself with coverage at relatively low limits to start, and then, increase them as time passes.*

THIS WEEK

U.S. and Chinese diplomats sit down for further trade discussions in Beijing on Monday; stateside, ISM releases its December non-manufacturing PMI. | On Tuesday, U.S.-China trade meetings conclude, with Wall Street hoping for progress. | The Federal Reserve presents the minutes from its December policy meeting Wednesday; in addition, Bed Bath & Beyond, Constellation Brands, KB Home, and Lennar host earnings calls. | Fed chair Jerome Powell reflects on the economy and monetary policy at the Economic Club of Washington, D.C., on Thursday afternoon, and Fed vice chair Richard Clarida delivers a speech on the same topics in New York City Thursday night. | Friday brings December inflation data from the federal government and quarterly results from Infosys.

QUOTE OF THE WEEK



*“Defer not till tomorrow to be **wise**, tomorrow’s sun to thee may never rise.”*

WILLIAM CONGREVE

MARKET INDEX	Y-T-D CHG	1-MO CHG	1-YR CHG
DJIA	0.45	-3.92	-6.55
NASDAQ	1.56	-3.31	-4.79
S&P 500	1.00	-3.84	-7.05

YIELD	1/4 RATE	1 MO AGO	1 YR AGO
10 YR TIPS	2.67	2.91	2.46

Sources: wsj.com, bigcharts.com, treasury.gov - 1/4/19^{5,6,7,8}

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends.
10-year TIPS yield = projected return on investment, expressed as a percentage, on the U.S. government’s 10-year bond.

THE WEEKLY RIDDLE



Bryn’s mother and father have three kids. One is Kenzie; the second one is Carrie. Who is the third?



781.736.9877

Know someone who could use information like this?

Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

Representatives are registered, securities sold, advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member [FINRA/SIPC](#), a registered broker/dealer and investment advisor, which is not an affiliate of the credit union. CBSI is under contract with the financial institution to make securities available to members. **Not NCUA/NCUSIF/FDIC insured, May Lose Value, No Financial Institution Guarantee. Not a deposit of any financial institution.**

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs, or expenses. Investors cannot invest directly in indices. All economic and performance data is historical and not indicative of future results. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (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. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

CITATIONS:

- 1 - [reuters.com/article/us-usa-economy-instant-view/instant-view-us-december-payrolls-surprise-big-to-the-upside-idUSKCN1OY18F](https://www.reuters.com/article/us-usa-economy-instant-view/instant-view-us-december-payrolls-surprise-big-to-the-upside-idUSKCN1OY18F) [1/4/19]
- 2 - [instituteforsupplymanagement.org/ismreport/mfgrob.cfm?SSO=1](https://www.instituteforsupplymanagement.org/ismreport/mfgrob.cfm?SSO=1) [1/3/19]
- 3 - [marketwatch.com/story/oil-prices-headed-for-5th-straight-advance-2019-01-04](https://www.marketwatch.com/story/oil-prices-headed-for-5th-straight-advance-2019-01-04) [1/4/19]
- 4 - [foxbusiness.com/markets/stocks-climb-on-big-jobs-report-beat-positive-news-on-chinas-economy](https://www.foxbusiness.com/markets/stocks-climb-on-big-jobs-report-beat-positive-news-on-chinas-economy) [1/4/19]
- 5 - markets.wsj.com/ [1/4/19]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=1%2F4%2F18&x=0&y=0 [1/4/19]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=1%2F4%2F18&x=0&y=0 [1/4/19]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=1%2F4%2F18&x=0&y=0 [1/4/19]
- 7 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield](https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield) [1/4/19]
- 8 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldAll](https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldAll) [1/4/19]