Triumph Wealth Management, LLC
525 Junction Road
Suite 8100N
Madison, WI 53717
608-828-4350
triumphinfo@financialguide.com
triumphwealth.com

Market Month: August 2018

The Markets (as of market close August 31, 2018)

Stocks enjoyed a record-setting month in August as several of the benchmark indexes reached new all-time highs during the month. Of the benchmark indexes listed here, only the Global Dow lost value. Otherwise, indexes representing large caps, small caps, and tech stocks all posted noteworthy monthly gains. A strong employment situation, positive economic growth, and relatively stagnant inflation have contributed to investor confidence, despite ongoing global trade wars. Tech stocks soared in August, as the Nasdaq jumped almost 6.0% — its strongest August showing in 18 years. Following the Nasdaq was the Russell 2000, which gained over 4.0%. The large caps of both the Dow and S&P 500 also posted notable gains.

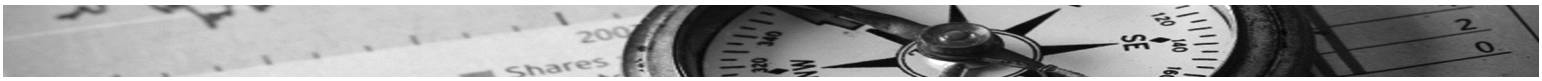
By the close of trading on August 31, the price of crude oil (WTI) was $69.90 per barrel, up from the July 31 price of $68.43 per barrel. The national average retail regular gasoline price was $2.827 per gallon on August 27, down from the July 30 selling price of $2.846 but $0.418 more than a year ago. The price of gold decreased by the end of August, closing at $1,206.90 on the last trading day of the month, down from its price of $1,232.90 at the end of July.

Market/Index	2017 Close	Prior Month	As of August 31	Month Change	YTD Change
DJIA	24719.22	25415.19	25964.82	2.16%	5.04%
NASDAQ	6903.39	7671.79	8109.54	5.71%	17.47%
S&P 500	2673.61	2816.29	2901.52	3.03%	8.52%
Russell 2000	1535.51	1670.80	1740.75	4.19%	13.37%
Global Dow	3085.41	3091.69	3075.52	-0.52%	-0.32%
Fed. Funds	1.25%-1.50%	1.75%-2.00%	1.75%-2.00%	0 bps	50 bps
10-year Treasuries	2.41%	2.96%	2.85%	-11 bps	44 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 Month's Economic News

- **Employment:** Total employment rose by 157,000 in July after adding 248,000 (revised) new jobs in June. The average monthly gain over the last 12 months is 203,000. Notable employment gains for the month occurred in professional and business services (51,000), manufacturing (37,000), and health care (34,000). The unemployment rate edged down 0.1% to 3.9%. The number of unemployed persons declined by 284,000 to 6.3 million. Both measures were down over the year, by 0.4 percentage point and 676,000, respectively. The labor participation rate was unchanged at 62.9%. The employment-population ratio increased 0.1% to 60.5%. The average workweek in July decreased by 0.1 hour to 34.5 hours. Average hourly earnings increased by $0.07 to $27.05. Over the last 12 months, average hourly earnings have risen $0.71, or 2.7%.



Key Dates/Data Releases

9/4: PMI Manufacturing Index, ISM Manufacturing Index

9/5: International trade

9/7: Employment situation

9/11: JOLTS

9/12: Producer Price Index

9/13: Consumer Price Index, Treasury budget

9/14: Retail sales, import and export prices, industrial production

9/19: Housing starts

9/20: Existing home sales

9/26: New home sales, FOMC meeting

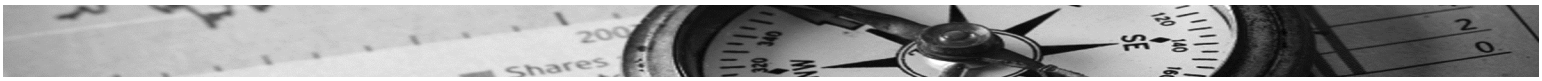
9/27: Durable goods orders, GDP, international trade in goods

9/28: Personal income and outlays

- **FOMC/interest rates:** The Federal Open Market Committee met in early August and held the target rate at 1.75%-2.00%. However, there is nothing from this meeting that would preclude two more 25 basis point rate increases before the end of 2018.
- **GDP/budget:** The second-quarter gross domestic product showed the economy expanded at an annual rate of 4.2%, according to the Bureau of Economic Analysis. The first-quarter GDP grew at an annualized rate of 2.2%. According to the report, consumer spending (personal consumption expenditures) surged, expanding at a rate of 3.8% (0.5% in the first quarter). Net exports expanded by 9.1%. Imports fell 0.4%, while government spending grew by 2.3% (1.5% in the first quarter). With only two months to go in fiscal 2018, the government deficit sits at roughly $684 billion. The deficit increased by $76.9 billion in July. The FY 2018 deficit is $118 billion, or 20.8%, greater than the deficit over a comparable period last year. Through 10 months of the fiscal year, individual tax receipts are up 7.8% while corporate receipts are down 28.5%.
- **Inflation/consumer spending:** Prices for consumer goods and services rose only 0.1% in July. Core consumer prices, a tracker of inflationary trends, increased 0.2% in July (0.1% in June). Core prices have increased 2.0% over the last 12 months. Consumer spending jumped 0.4% in July, matching June's increase, while consumer income rose 0.3%.
- The Consumer Price Index rose 0.2% in July after increasing 0.1% in June. Over the last 12 months ended in July, consumer prices are up 2.9% — the same increase as for the period ended in June. Core prices, which exclude food and energy, climbed 0.2% for the month (the same as May and June), and are up 2.4% over the 12 months ended in July.
- According to the Producer Price Index, the prices companies receive for goods and services were unchanged in July from June. Producer prices have increased 3.3% over the 12 months ended in July. Prices less food and energy creeped up 0.1% in July and are up 2.7% over the last 12 months.
- **Housing:** Sales of residential properties continued to slow in July. Total existing-home sales fell 0.7% for the month after dropping 0.6% in June. Year-over-year, existing home sales are down 1.5%. The July median price for existing homes was $269,600, down from $276,900 in June. Nevertheless, prices are up 4.55% from July 2017. Total housing inventory for existing homes for sale dropped 0.5%, representing a 4.3-month supply at the current sales pace. New home sales fell 1.7% in July from June, but are up 12.8% over the July 2017 estimate. The median sales price of new houses sold in July was $328,700 ($302,100 in June). The average sales price was $394,300 ($363,300 in June). Inventory rose slightly in July to 5.9 months, up from the 5.7-month supply in June.
- **Manufacturing:** Industrial production advanced 0.1% in July after climbing 0.6% in June. For the second quarter as a whole, industrial production advanced at an annual rate of 6.0% — its third consecutive quarterly increase. Manufacturing output increased 0.8% following a 0.7% drop in May. Manufacturing production increased 0.3%, the output of utilities moved down 0.5%, and, after posting five consecutive months of growth, the index for mining declined 0.3%. Compared to last July, total industrial production is up 4.2%.
- **Imports and exports:** The advance report on international trade in goods revealed that the trade gap expanded in July by $4.3 billion, or 6.3%, over June. The deficit for July was $72.2 billion (the June deficit was $67.9 billion). July exports of goods fell 1.7%, while imports increased 0.9%. On a seasonally adjusted basis, July's total imports ($212.2 billion) far exceeded exports ($140.0 billion). Prices for imported goods were unchanged in July from June. Export prices fell 0.5%. Over the last twelve months ended in July, import prices are up 4.8%, while export prices have advanced 4.3%.
- **International markets:** Trade wars between the United States and China continued to escalate. A proposed trade agreement between the United States and Mexico is pending legislative approval. The eurozone's economy slowed during the second quarter as trade tensions with the United States hampered economic growth. Slowing business investment, decreasing industrial production, and dwindling exports also helped to slow economic growth in Europe.
- **Consumer confidence:** Consumer confidence, as measured by The Conference Board Consumer Confidence Index®, increased in August. According to a report from The Conference Board, consumer confidence increased to its highest level since October 2000. Surveyed consumers reported increased confidence in present economic conditions, business, and the labor market.

Eye on the Month Ahead

Stocks enjoyed a very good August with benchmark indexes reaching new highs. As the summer and third quarter come to a close, September may prove to be a very telling month for the remainder of the year. Housing has been sliding while inflation is creeping higher. The Federal Open Market Committee meets at the end of the month and could bump interest rates up by 25 basis points. Favorable corporate earnings reports could further bolster the economy in general and stocks specifically, as the current administration continues to negotiate new trade agreements.



Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: 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). 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. 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. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indices listed are unmanaged and are not available for direct investment.

This material was prepared by Broadridge Investor Communication Solutions, Inc. This information is believed to be from reliable sources; however no representation is made as to its accuracy or completeness. This information does not constitute tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty, nor is it a solicitation or recommendation to purchase or sell any insurance or investment product or service, and readers should not rely upon it as such. Readers should seek such advice from their own tax or legal counsel or financial professional.

Prepared by Broadridge Investor Communication Solutions, Inc. Copyright 2018