



THE WEEK IN REVIEW

This week marked the official start of summer and the halfway point of the year. Positive economic reports have added to our seasonal optimism. Updates on labor market conditions, consumer sentiment, real estate conditions, and manufacturing were generally positive across the board.

Thursday's report on weekly jobless claims showed new filings increased by 3,000 from last week to 271,000, versus expectations of 272,000. However, the four-week moving average dropped to 273,750 and remains near the lowest level since April 2000. Also, personal incomes rose 0.52% in May, which is the strongest pace in 14 months. On a year-over-year basis, personal income and wages and salaries increased 4.4% and 5.0%, respectively.

The University of Michigan Consumer Sentiment Index rose to 96.1 in June, which was well above the 94.6 forecast. According to the survey's chief economist, Richard Curtin, "Consumers voiced in the first half of 2015 the largest and most sustained increase in economic optimism since 2004." Similar records were posted by the top, middle, and bottom thirds of the income distributions.

The housing sector appears to be gaining momentum as existing home sales and new home sales both increased in May. Existing home sales increased 5.1%, the strongest pace since November 2009. Further, the median sale price was up 7.9% to \$228,700 from a year ago, taking it within striking distance of the July 2006 peak of \$230,400. Also of significance, first-time buyers accounted for 32%, up from 27% a year ago but still below the historic average of roughly 40%. New home sales also increased in May, rising 2.2%, ahead of expectations. Inventory levels, as measured by the supply of new homes, dropped to 4.5 months, which is less than half of the level at the height of the housing boom. The median price of a new home sold was \$282,800.

Lastly, durable goods orders dropped 1.8% in May as aircraft orders fell 49%. April's final revision came in at -1.5%, a disappointing drop from -0.5%. Excluding transportation, durable goods increased 0.5%, which was closer to consensus. Non-defense capital goods, a proxy for business investment, increased 0.4%, its second gain in three months.

Although many of this week's economic reports were generally positive, both domestic equity and bond markets finished lower. The S&P 500, Dow Jones Industrial Average, and the Nasdaq posted negative returns. The Barclays Aggregate Bond index dropped 0.51%, pushed lower by 10-year treasury yields, which increased to 2.49% from 2.26%.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	17,947.02	-0.38%	0.70%	6.54%
NASDAQ	5,080.50	-0.71%	7.27%	16.02%
S&P 500 LargeCap	2,101.69	-0.39%	2.08%	7.38%
S&P 400 MidCap	1,532.61	-0.53%	5.52%	7.99%
S&P 600 SmallCap	734.43	-0.26%	5.85%	8.91%
MSCI EAFE	1,910.10	1.44%	7.62%	-2.71%
MSCI Emerging Markets	988.18	1.40%	3.33%	-5.60%
Barclays Aggregate US		-0.51%	-0.34%	1.85%
Bloomberg Non-US Govt Bond		-0.42%	-0.73%	2.52%
Bloomberg US Treasury Index		-0.67%	-0.56%	2.47%
Bloomberg High Yield Index		0.15%	3.92%	-0.22%
FTSE/NAREIT All REIT Index		-2.88%	-5.65%	1.63%
Bloomberg Commodity Index		1.30%	-3.06%	-25.84%
KEY BOND RATES		WEEK	1 MO AGO	1 YR AGO
3-Month T-Bill		0.01%	0.02%	0.04%
2-Year Treasury		0.72%	0.64%	0.46%
5-Year Treasury		1.75%	1.54%	1.64%
10-Year Treasury		2.49%	2.14%	2.53%
30-Year Treasury		3.25%	2.89%	3.35%
Municipal Bond Yields (10 Yr)		2.40%	2.32%	2.32%

Price return as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

UPCOMING WEEK

Tuesday starts out the week's releases with the Consumer Confidence Index, expected to rise a full point to 96.4. On Wednesday the ISM Manufacturing Index will be released, which is expected to rise slightly from 52.8% to 53%. Construction spending is also set to be released Wednesday, which is expected to drop from 2.2% to around 0.3%. Thursday's nonfarm payroll release is expected to drop from 280,000 to 213,000.

Opinions herein are as of the publication date; they are not statements of facts and may include "forward-looking statements" which may or may not be accurate over the long term. The week is calculated beginning with Monday's market open. Report includes candid statements and observations regarding investment strategies, asset allocation, individual securities, and economic and market conditions. Statements, opinions or forecasts not guaranteed. Do not place undue reliance on forward-looking statements. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Indices and sector statistics are unmanaged and are a common measure of performance of their respective asset classes. Indices are not available for direct investment. Past performance is not indicative of future results. The value of investments and the income derived from investments can go down as well as up. Future returns are not guaranteed, and a loss of principal may occur. Investing for short periods may make losses more likely. Not a deposit, not FDIC insured, may lose value, not bank guaranteed, not insured by any federal government agency.