



## THE WEEK IN REVIEW

Economic reports were sparse this week as we enter the dog days of summer; however, we did get positive reports from both the labor and housing markets.

Thursday's report on weekly initial jobless claims showed new filings decreased 26,000 from last week to 255,000, versus expectations of 285,000. Further, the four-week moving average dropped 4,000 to 278,500. Initial jobless claims are now at the lowest level since November 1973. Historically, these levels have been consistent with periods of strong economic growth. Next week we will get a look at how economic growth is progressing when the "advance" estimate of Q2 GDP is released.

Friday's report on new homes was disappointing. The report showed that new sales came in at an annual rate of 482,000, far below expectations of 550,000. This marks a seven-month low for single-family home sales. Adding insult to injury, the May numbers were revised down to 517,000 from an original 546,000. However, median home prices increased this month to \$281,800, a gain of 0.5%, but slipped 1.8% from levels one year ago. Reports suggest that improvements in economic conditions, labor markets and wages, and continued low mortgage rates should bolster new and existing home sales going forward. Existing home sales data released earlier in the week was more encouraging.

Existing home sales increased at a seasonally adjusted annual rate of 5.49 million, ahead of forecasts for 5.42 million and well above the revised level of 5.32 million for May. This increase of 3.2% from the previous month and 9.6% from one year ago also represents the highest level since February 2007. First-time home buyers continue to play a small role in existing home sales as their share dropped slightly this month to 30.0% from 32.0% last month. However, there are encouraging signs that demand from this group is growing as their share increased from 28.0% a year ago. Median prices of existing homes were up 6.5% year over year, and 3.3% on the month, a new record high of \$236,400.

On the earnings front, Apple released its highly anticipated third quarter report this week. Overall, the company posted impressive revenue and earnings numbers. Revenue increased 33.0% to \$49.6 billion, while earnings rose 38.0% to \$10.7 billion. Helping drive results was a 35.0% increase in iPhone unit sales; the company sold 47.5 million units in the three months ended June 2015. However, its stock dropped sharply after the report as investors learned that the company expects iPhone sales and revenue targets to fall below analysts' expectations. Additionally, the company announced it will reduce its forecast for capital expenditures by \$1 billion.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	17,568.53	-2.86%	-1.43%	2.84%
NASDAQ	5,088.63	-2.33%	7.44%	13.79%
S&P 500 LargeCap	2,079.65	-2.21%	1.01%	4.61%
S&P 400 MidCap	1,476.74	-2.06%	1.67%	4.34%
S&P 600 SmallCap	701.72	-2.99%	1.69%	6.71%
MSCI EAFE	1,877.14	-0.66%	5.76%	-4.68%
MSCI Emerging Markets	923.56	-1.92%	-3.42%	-14.55%
Barclays Aggregate US		0.28%	0.27%	2.11%
Bloomberg Non-US Govt Bond		-0.36%	-0.79%	1.31%
Bloomberg US Treasury Index		0.45%	0.44%	2.97%
Bloomberg High Yield Index		-0.78%	2.51%	-1.16%
FTSE/NAREIT All REIT Index		-0.73%	-3.83%	1.29%
Bloomberg Commodity Index		-4.39%	-10.58%	-27.71%
<b>KEY BOND RATES</b>		<b>WEEK</b>	<b>1 MO AGO</b>	<b>1 YR AGO</b>
3-Month T-Bill		0.04%	0.01%	0.03%
2-Year Treasury		0.70%	0.68%	0.53%
5-Year Treasury		1.64%	1.69%	1.72%
10-Year Treasury		2.27%	2.38%	2.52%
30-Year Treasury		2.96%	3.16%	3.30%
Municipal Bond Yields (10 Yr)		2.33%	2.39%	2.22%

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

## UPCOMING WEEK

Next week the economic schedule is chock-full of reports, including the highly anticipated Federal Reserve interest rate decision. Monday: Durable Goods; Tuesday: Case-Shiller 20-City Composite Home Price Index; Wednesday: FOMC Rate Decision and Pending Home Sales; Thursday: Weekly Jobless Claims and the "Advance" estimate of Q2 GDP, and finally on Friday the highly anticipated release of the Employment Cost Index along with Chicago PMI and Consumer Sentiment.

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