



## THE WEEK IN REVIEW

On Thursday, Federal Reserve Chair Janet Yellen said the Fed still intends to raise its benchmark interest rate this year, barring unpleasant surprises. Speaking a week after the Fed announced it was not ready to raise interest rates just yet, Yellen reiterated that the central bank does not plan to wait much longer. In a speech at the University of Massachusetts, Yellen stated that labor market conditions were improving and that the Fed expected inflation to follow, but cautioned that if the Fed's expectations for growth were disappointed it might delay lifting rates once again. Her presentation was momentarily overshadowed when she faltered near the end of her speech, pausing for a long stretch, stumbling over words and coughing. The Fed blamed Yellen's stumble on feeling dehydrated. She was seen by local emergency medical personnel afterward. The Federal Open Market Committee plans to meet next on Oct. 27 and 28, and then again on Dec. 15 and 16.

Existing home sales for August fell for the first time in four months, dropping 4.8% to an annual rate of 5.31 million homes, according to the report released this week. The current supply of previously owned properties for sale is tight, resulting in higher prices which may be pushing buyers out of the market. However, new home sales continue to climb, increasing to a 552,000 annual rate in August, up from a 522,000 annual rate in July. New home sales were aided by low mortgage rates, decreasing unemployment, and an overall improving economy.

The third release of second quarter GDP was published Friday and increased to 3.9% growth from the prior estimate of 3.7% growth, driven by higher consumer spending and business investment than previously reported. Analysts were expecting the number to remain unchanged. Consumer spending, which accounts for around 70% of the economy, was driven upward by higher healthcare and transportation purchases. Business investment was driven by increases in both commercial and residential construction.

Caterpillar announced this week that it would be cutting as many as 10,000 jobs through 2018 as part of a restructuring plan in the face of challenging marketplace conditions in key regions and industry sectors, specifically mining and energy. The restructuring comes as the company expects sales to decline in 2016 for the fourth straight year as many of its customers feel the pinch from the recent decline in commodity prices. Caterpillar is generally looked at as a bellwether for the global economy given the capital intensive nature of the products it sells, and lately a leading indicator for China's economic slowdown given its sales exposure to the country.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	16,314.67	-0.43%	-8.46%	-3.72%
NASDAQ	4,686.50	-2.92%	-1.05%	4.92%
S&P 500 LargeCap	1,931.34	-1.36%	-6.20%	-1.76%
S&P 400 MidCap	1,388.21	-1.75%	-4.42%	0.87%
S&P 600 SmallCap	662.87	-1.27%	-4.63%	3.65%
MSCI EAFE	1,639.29	-4.36%	-7.64%	-12.17%
MSCI Emerging Markets	785.68	-5.32%	-17.84%	-23.40%
Barclays Aggregate US		-0.25%	0.99%	2.71%
Bloomberg Non-US Govt Bond		-1.75%	-2.55%	-0.24%
Bloomberg US Treasury Index		0.11%	1.45%	4.10%
Bloomberg High Yield Index		-1.35%	-0.56%	-3.20%
FTSE/NAREIT All REIT Index		-0.48%	-6.97%	3.70%
Bloomberg Commodity Index		0.87%	-15.18%	-25.69%
<b>KEY BOND RATES</b>		<b>WEEK</b>	<b>1 MO AGO</b>	<b>1 YR AGO</b>
3-Month T-Bill		0.00%	0.07%	0.01%
2-Year Treasury		0.70%	0.67%	0.56%
5-Year Treasury		1.48%	1.48%	1.75%
10-Year Treasury		2.17%	2.12%	2.52%
30-Year Treasury		2.96%	2.84%	3.22%
Municipal Bond Yields (10 Yr)		2.12%	2.21%	2.23%

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 release of September employment data on Friday. Monday: Personal Income and Outlays and the National Association of Realtors' Pending Home Sales Index; Tuesday: Case-Shiller 20-City Composite Home Price Index and September Consumer Confidence; Wednesday: Chicago PMI; Thursday: Weekly Jobless Claims and the ISM Manufacturing Composite Index, and finally on Friday the release of employment data.

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