



THE WEEK IN REVIEW

The U.K.'s surprise 51.9% to 48.1% vote to leave the European Union triggered sharp declines in global stocks and bond yields. The Stoxx Europe 600 Index fell 7.03% while U.S. indices fell between 3-4%. As investors shifted into safer assets, government bond yields in the U.K. and Germany reached record lows before recovering slightly. The U.S. 10-year bond yield fell close to the record low of 1.404% reached in August 2012 before rebounding above 1.5%. Reaction to the vote was exacerbated by the fact that investors were expecting a "Remain" outcome based on recent surveys.

The uncertainty created by Britain's exit from the EU may lead to increased short-term global market risk and volatility, but the long-term implications are unclear. One of the main concerns is the impact on global growth. The Bank of England and the International Monetary Fund have warned that it will likely have a negative impact on long-term U.K. growth. Fed Chair Janet Yellen said the decision "could have consequences in turn for the U.S. economic outlook." The severity of the impact is difficult to determine because the process of leaving the European Union could take two years or more, with terms of the departure yet to be negotiated. The next step for Britain is to invoke Article 50 of the Lisbon Treaty which starts the legal process of leaving the EU. After Article 50 is invoked, a series of negotiations begin to determine how to remove the departing member from the EU's many institutions. For investors, understanding that markets are resilient is essential. From the tech bubble, to the housing meltdown, to the Greek financial crisis, markets may stumble momentarily, but they do rebound. Investors with a well thought-out investment objective, paired with a diversified portfolio of high-quality securities, should be well prepared for the uncertainty stemming from the Brexit fallout.

Sales of existing homes rose to their highest level in more than nine years, the latest sign of rising demand amid steady job creation and low interest rates. Sales climbed 1.8% in May from the prior month to a seasonally adjusted annual rate of 5.53 million, according to the National Association of Realtors on Wednesday, marking the strongest pace since February 2007. However, Americans pulled back from buying new homes last month, reversing gains made in April as sales fell sharply in the Northeast and West. New-home sales declined 6% in May to a seasonally adjusted rate of 551,000 from a downwardly revised 586,000 in April, the Commerce Department said Thursday. Still, sales are 6.4% higher year-to-date.

Orders to U.S. factories for long-lasting manufactured goods dropped in May, reversing two months of gains. The Commerce Department reported on Friday demand for durable goods slid 2.2% last month after rising 3.3% in April and 2% in March. Orders for transportation equipment, which are often volatile, fell 5.6%, pulled down by a 34.1% plunge in orders for military aircraft and parts.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	17,400.75	-1.56%	-0.14%	-3.15%
NASDAQ	4,707.98	-1.92%	-5.98%	-8.09%
S&P 500 LargeCap	2,037.30	-1.64%	-0.32%	-3.38%
S&P 400 MidCap	1,457.54	-1.51%	4.22%	-5.00%
S&P 600 SmallCap	719.19	-0.93%	7.06%	-2.33%
MSCI EAFE*	1,687.04	5.75%	-1.70%	-11.84%
MSCI Emerging Markets*	835.43	3.62%	5.20%	-15.89%
Barclays Aggregate US		0.36%	4.15%	4.98%
Bloomberg Non-US Govt Bond		0.46%	7.63%	5.51%
Bloomberg US Treasury Index		-0.67%	3.82%	5.38%
Bloomberg High Yield Index		1.11%	9.89%	1.99%
FTSE/NAREIT All REIT Index		1.95%	-1.66%	-9.11%
Bloomberg Commodity Index		-1.99%	10.69%	-13.45%
KEY BOND RATES		WEEK	1 MO AGO	1 YR AGO
3-Month T-Bill		0.27%	0.35%	0.01%
2-Year Treasury		0.70%	0.92%	0.68%
5-Year Treasury		1.13%	1.41%	1.69%
10-Year Treasury		1.62%	1.86%	2.38%
30-Year Treasury		2.43%	2.65%	3.16%
Municipal Bond Yields (10 Yr)		1.43%	1.61%	2.39%

*Price returns as of the last available closing data, 6/23/16. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

UPCOMING WEEK

Next week will be filled with data releases, starting on Tuesday with the final reading for Q1 GDP, as well as the S&P/Case-Shiller home price index for April and consumer confidence for June. Personal income and outlays, along with pending home sales for May, are scheduled to be announced on Wednesday. Friday will be a busy one with the Purchasing Managers' Manufacturing Index and ISM manufacturing index for June set to be released. Construction spending for May will also be announced and looked at closely after seeing a 1.8% decline in April.

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