



THE WEEK IN REVIEW

Recent signs of optimism in domestic data have driven the stock market rally to all-time highs. The Dow Jones Industrial Average gained nearly 4% over a nine-day rally. The index fell for the first time in ten days on Thursday as investor enthusiasm ran out of steam. During the notable run in stocks, investors reduced their safe-haven positions which led to the U.S. 10-year Treasury yield bouncing 0.2% from its record low of 1.36% reached on July 8. The U.S. dollar and oil finished lower for the week and gold lost ground as global concern over the markets continued to ease.

Investors turned their focus this week to second quarter earnings releases. Earnings of S&P 500 companies are on track for a fifth consecutive quarter with negative growth. However, there are signs of improvement including revenue growth stronger than recent quarters and more revenue surprises above analysts' estimates. Including earnings already reported from 123 companies in the S&P 500, earnings for the index are estimated to contract 4.2% from the same period last year, according to FactSet.

Jobless claims were announced on Thursday for the week of July 16, coming in at 253,000, lower than the consensus estimates of 260,000 to 270,000. The Labor Department stated there are no special factors in the report, signaling another month of strength for employment. Existing home sales continued to improve and housing starts rose 4.8% in June, another sign of strength in the housing market.

The Bank of Japan announced this week it is not currently planning to impose aggressive stimulus measures. The BOE announced that the British economy has been resilient following the Brexit decision and sees "no clear evidence" of a sharp economic downturn. The Bank of England further stated it does not yet see the need to consider cutting interest rates.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Housing Starts (Millions)	1.189	1.113	▲
Existing Home Sales (Millions)	5.57	5.36	▲
Leading indicators	0.3%	0.2%	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	18570.85	0.29%	6.58%	4.03%
NASDAQ	5100.16	1.40%	1.85%	-1.39%
S&P 500 LargeCap	2175.03	0.61%	6.41%	2.88%
MSCI EAFE	1657.14	0.42%	-3.45%	-11.49%
Barclays Aggregate US		0.14%	5.48%	5.96%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.33%	0.31%	0.04%
10-Year Treasury	1.57%	1.74%	2.33%

REPORTS DUE NEXT WEEK	LATEST
New Home Sales (Thousands)	551
Consumer Confidence	98
Durable Goods Orders	-2.2%
GDP	1.1%
Consumer Sentiment	89.5

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified. Returns include reinvestment of dividends, if any and there is no guarantee they will continue.

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