



THE WEEK IN REVIEW

The three major U.S. stock indexes rose to record highs on Thursday, marking the first time since December 31, 1999 that the Dow Jones Industrial Average, S&P 500, and Nasdaq Composite reached new highs on the same day. Energy and consumer discretionary stocks led the market higher Thursday as oil prices surged 4% and department stores reported better-than-expected earnings. Crude oil jumped in response to comments from the Saudi oil minister about potential action to stabilize oil prices that will be discussed at an OPEC meeting on September 26-28. Macy's and Kohl's reported better-than-expected earnings which led their stocks higher by 17% and 16%, respectively.

Multiple readings from China suggest the economy decelerated in July, providing further evidence of a slowdown in the mainland Chinese economy. Industrial production and retail sales rose slightly, but were below expectations. Fixed investment fell to the slowest rate in 16 years.

June's Job Opening and Labor Turnover Survey (JOLTS) report showed a slight increase in job openings and private layoffs fell to a record low. The report also showed there is a growing shortage of qualified workers as demand for labor is near an all-time high and hiring remains stagnant. Job openings are up 8.8% compared to a year ago while hiring is down 0.31%.

Retail sales and the Producer Price Index (PPI) were reported Friday. The retail sales report measures the spending for stores that sell merchandise and related services to consumers. It is a key indicator in economic growth as consumer spending typically accounts for two-thirds of GDP. Retail sales were flat overall. Excluding autos and gasoline, retail sales were 0.1% lower. PPI declined 0.4% month over month in July, versus a consensus expectation of +0.1%. The core rate, which excludes food and energy, declined 0.3%. The data suggests slight deflation over the month, below expectations of a slight increase. Markets closed lower on Friday amid this softer-than-expected data which will likely give the Fed further pause before considering raising interest rates.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
JOLTS	5.624	5.670	▼
PPI (Y/Y)	-0.2%	0.1%	▼
Retail Sales	0.0%	1.2%	▼
Consumer Sentiment	90.40	94.70	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	18576.47	0.18%	6.61%	6.75%
NASDAQ	5232.89	0.23%	4.50%	3.74%
S&P 500 LargeCap	2184.05	0.05%	6.85%	4.70%
MSCI EAFE	1708.32	2.58%	-0.46%	-7.29%
Barclays Aggregate US	2032.84	0.14%	5.58%	5.30%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.29%	0.31%	0.10%
10-Year Treasury	1.51%	1.48%	2.19%

REPORTS DUE NEXT WEEK	LATEST
CPI	0.2%
Housing Starts (Million)	1.189
Building Permits (Million)	1.153
Industrial Production	0.6%

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

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