



## THE WEEK IN REVIEW

U.S. stocks closed lower by 2.39% during the shortened trading week, driven by Friday's selloff in which the index fell by more than 2%. Data this week showed that the service sector grew at its slowest pace in the last six years. Paired with last week's lower-than-expected employment report, investors are increasingly speculating that the Fed will not raise rates at this month's FOMC meeting. But, Treasuries fell on Thursday and Friday after the ECB announced it would not extend its bond buying program.

The Fed released its latest Beige Book on Wednesday. The main takeaways were that the Fed believes the economy is expanding at a modest pace, inflation is slight, labor markets remain tight, and there has been moderate payroll growth. Overall, the Beige Book describes current conditions between mixed and moderately positive. The next FOMC meeting is scheduled for Wednesday, September 21.

On a week light on data releases, Tuesday's ISM nonmanufacturing index came in well below analyst expectations with a reading of 51.4%. While the level is still an expansionary number, expectations ranged from 54.0% to 56.1%, with consensus somewhere between 55-55.5%. The reading, the slowest pace in six years, was hurt by a substantial drop off in new orders, down to the lowest level since December 2013. New export numbers also dropped nine points to a contractionary level of 46.5, also the lowest since December 2013. On the positive side, new orders were still in expansion, and July's 60.3 reading was a particularly high level. Further, 11 of 18 components of the index were above 50, indicating expansion.

Wednesday's JOLTS report was a stronger result, with a reading of 5.87 million openings in July, marking an all-time high, and an upward revision to June's report, up to 5.64 million. The number continues to underscore a strong national labor market. Of the 4.94 million "employee separations" through July, 2.98 million were quits, and the greater than 60% reading is the highest since 2000. This result is consistent with the high NFIB "jobs-hard-to-fill" measure hitting a cyclical high in August as well. Employers do seem to be struggling to fill jobs as the hiring rate remained unchanged at 3.6%.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
ISM Non-Mfg Index	51.4	52.9	▼
Job Openings (Millions)	5.871	5.845	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	18085.45	-2.20%	3.79%	11.27%
NASDAQ	5125.91	-2.36%	2.37%	7.77%
S&P 500 LargeCap	2127.81	-2.39%	4.10%	9.57%
MSCI EAFE	1732.92	1.34%	0.97%	0.13%
Barclays Aggregate US		-0.08%	5.62%	5.50%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.35%	0.29%	0.03%
10-Year Treasury	1.67%	1.55%	2.21%

REPORTS DUE NEXT WEEK	LATEST
Retail sales	0.0%
PPI	-0.4%
Industrial production	0.7%
CPI	0.0%
Consumer Sentiment	89.8

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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