



THE WEEK IN REVIEW

Markets rallied this week after signals that major central banks will continue with accommodative monetary policy in an effort to promote growth. The Bank of Japan stated it will keep negative rates in place and consider reducing them if necessary. They announced a new policy to keep the 10-year yield on Japanese bonds at zero by adjusting bond purchasing as needed.

The Federal Reserve announced on Wednesday it would leave rates unchanged. Fed chair Janet Yellen stated that although she is confident in the strength of the labor market, a rate hike this month could expose the labor market to "unnecessary risk." Yellen also cited a lack of inflation as another reason to postpone a rate hike. Yellen implied a rate hike was still on the table for 2016, with the consensus suggesting a December move. Treasuries rallied on their biggest weekly gain since July amid data suggesting interest rate increases would be slow-paced.

Jobless claims data released on Thursday looked positive. Initial claims fell 8,000 to 252,000 for the week of September 17th, lower than the four-week average of 258,500. Jobless claims have neared historic lows and suggest a healthy labor market. Continued strength in the labor market would give the Fed further support to raise rates by the end of the year.

Housing starts fell 6% in August to an annualized rate of 1.142 million which was lower than expected, but greater than the 1.128 million annualized rate of three months prior. Bad weather in the South, the largest region for home builders, likely played a large role in the weak housing report. Construction of single family housing in the South dropped 13% as flooding in Texas and Louisiana disrupted building activity. The National Association of Home Builders' survey showed confidence among home builders rose this month to the highest level since 2005. Home builder confidence suggests demand for new homes remains strong.

Sales of existing homes unexpectedly fell for a second straight month in August. Existing home sales have experienced modest growth this year as a shortage of housing inventory limits sales. Housing inventory on a year-over-year basis fell for a 15th straight month in August. Low inventory and steady demand has led to higher prices which is another headwind for existing home sales.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Housing Starts (Millions)	1.142	1.128	▲
Building Permits (Millions)	1.139	1.136	▲
Existing Home Sales (Millions)	5.33	5.51	▼
Leading Economic Indicators	-0.2%	-0.2%	-

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	18261.45	0.76%	4.80%	12.17%
NASDAQ	5305.75	1.17%	5.96%	11.64%
S&P 500 LargeCap	2164.69	1.19%	5.91%	11.65%
MSCI EAFE	1728.08	3.80%	0.69%	4.46%
Barclays Aggregate US		0.44%	5.64%	5.27%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.28%	0.30%	0.01%
10-Year Treasury	1.69%	1.55%	2.15%

REPORTS DUE NEXT WEEK	LATEST
New Home Sales (Thousands)	654
Consumer Confidence	101.1
Durable Goods Orders	4.4%
Q2 GDP (Final Reading)	1.1%
PCE Price Index Y/Y	0.8%

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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