



THE WEEK IN REVIEW

U.S. equity indexes were little changed this week as the broad domestic stock market had a limited response to multiple events including congressional testimony from former FBI Director James Comey, the U.K. general election, and the European Central Bank's (ECB) policy meeting. The S&P 500 received a boost from the Financials sector late in the week, as it jumped almost 3.0% on Thursday and Friday in response to the House of Representatives passing a bill to replace several post-crisis banking reforms. The bill is not expected to get enough support in the Senate to become law in its current form. Another notable move in the markets this week was the U.S. 10-year Treasury yield climbing above 2.20% after reaching a 2017 low of 2.14% early in the week.

Crude oil prices were lower this week as the global supply glut continued. Crude oil inventories were up an unexpected 3.3 million barrels last week. U.S. refined oil product inventories were also higher, above 2016 levels and the five-year range. The downward pressure on oil prices looks to continue as demand has been weak and both crude oil imports and domestic crude production have increased. OPEC's promised production cut has failed to offset increases in U.S. drilling operations.

Falling crude prices also played into Japan's economy as the country reported GDP numbers this week. Japan's first quarter GDP grew at an annualized 1.0%, down from the initial estimate of 2.2%. A drop in oil inventories and a downward revision to private consumption were cited as reasons for the lower-than-estimated number. Despite the headline number, the data was perceived as an upbeat view of the world's third largest national economy. Private final demand and capital expenditure were seen as strengthening; domestic demand was viewed as cautious, while external demand is improving. The data supports the overall view of Japan's continuing recovery.

U.K. Prime Minister Theresa May's Conservative Party failed to win a majority in Thursday's snap parliamentary election. Prime Minister May called for the election in an attempt to strengthen the Conservative Party's negotiating position to exit the EU. Increased political uncertainty led to the British pound falling nearly 2.0% on Friday. London's FTSE 100 equity index rose about 1.0% Friday partly in response to hopes that a weaker currency will help export competitiveness and earnings of multinational companies.

The ECB left its monetary policy unchanged at its June meeting and removed reference of possible future interest rate cuts from its policy statement due to an improved economic growth outlook. ECB President Draghi said it is still too early to remove stimulus because of weak inflation.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
ISM Non-Manufacturing	56.9	57.6	▼
Durable Goods Orders	-0.8%	3.0%	▼
JOLTS (Millions)	6.04	5.63	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	21271.97	0.31%	7.64%	18.27%
NASDAQ	6207.92	-1.55%	15.32%	25.19%
S&P 500 LargeCap	2431.77	-0.30%	8.62%	14.95%
MSCI EAFE	1894.49	-1.14%	12.50%	13.08%
Barclays Aggregate US	2024.64	-0.13%	2.44%	0.79%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	1.00%	0.89%	0.25%
10-Year Treasury	2.20%	2.40%	1.69%

REPORTS DUE NEXT WEEK	LATEST
Producer Price Index (YoY)	2.5%
Consumer Price Index (YoY)	2.2%
Retail Sales (MoM)	0.4%
Housing Starts (Millions)	1.172
U. of Mich. Consumer Sentiment	97.1

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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