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# WEEKLY MARKETSNAPSHOT

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CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

July 22, 2016

## MARKET COMMENTARY BY SCOTT J. BROWN, PH.D., CHIEF ECONOMIST

The economic data calendar was thin and reports were of little consequence for the markets. As expected, the European Central Bank left short-term interest rates unchanged and did not alter its asset purchase plans. ECB President Draghi indicated that policymakers were encouraged by the financial stability following the initial reaction to the Brexit vote. He also said that more information will become available over time and the ECB would act using all possible tools “if needed.”

Building permits rose as expected, reflecting continued strength in single-family activity in recent months, but with some pullback in multi-family activity (following unusual strength last year). Existing home sales were a little stronger than anticipated in June, despite evidence of some supply constraints.

Next week, the economic calendar begins to heat up again. The Consumer Confidence Index and durable goods orders have some market-moving potential, but there are more important items on the calendar. The Federal Open Market Committee is widely expected to leave short-term interest rates unchanged. There is no Yellen press conference or revised Fed projections, so investors will look to the policy statement for clues about the likelihood of a rate hike in September or December. Real GDP growth is expected to have picked up sharply in the second quarter (following a soft 1Q16), but annual benchmark revisions will add to the uncertainty (and we may see the estimate of 2015 growth revised lower). The Employment Cost Index may not get much attention from the markets (it arrives at the same time as GDP), but Fed officials see the report as an important gauge of inflation pressure (the year-over-year pace is expected to accelerate).

### Indices

	Last	Last Week	YTD return %
DJIA	18517.23	18506.41	6.27%
NASDAQ	5073.90	5034.06	1.33%
S&P 500	2165.17	2163.75	5.93%
MSCI EAFE	1657.14	1654.42	-3.45%
Russell 2000	1203.86	1202.17	5.98%

### Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.40	0.13
30-year mortgage	3.44	4.04

### Currencies

	Last	1 year ago
Dollars per British Pound	1.323	1.561
Dollars per Euro	1.103	1.093
Japanese Yen per Dollar	105.82	123.97
Canadian Dollars per Dollar	1.309	1.303
Mexican Peso per Dollar	18.577	16.103

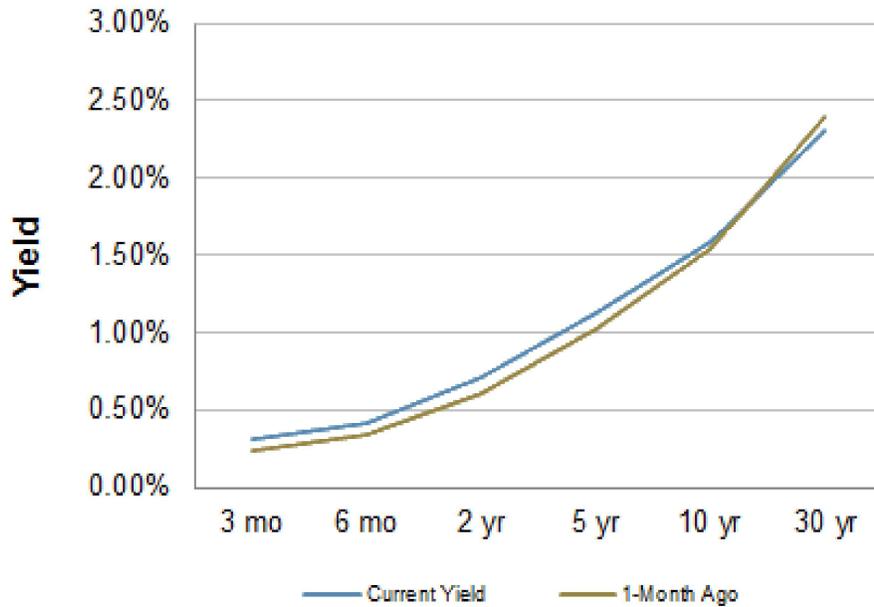
### Commodities

	Last	1 year ago
Crude Oil	44.75	49.19
Gold	1331.00	1091.50

### Bond Rates

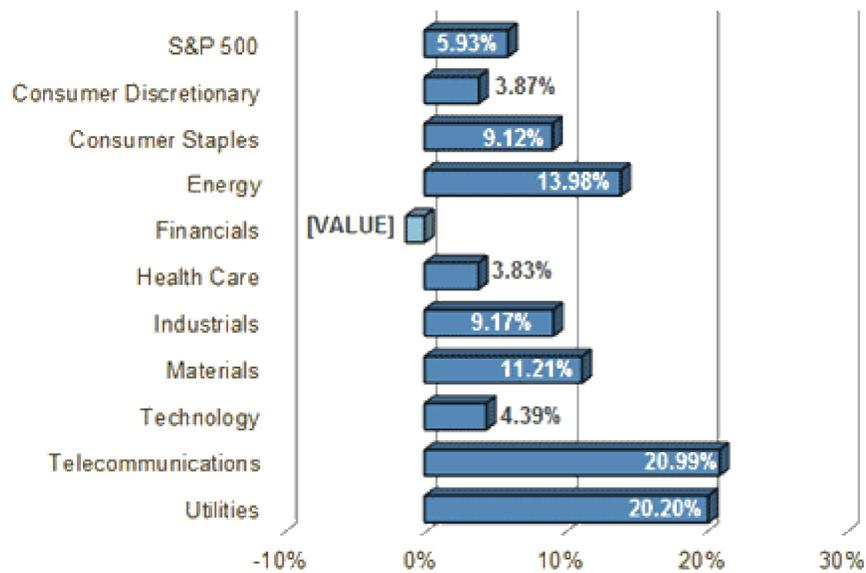
	Last	1 month ago
2-year treasury	0.71	0.60
10-year treasury	1.58	1.54
10-year municipal (TEY)	2.26	2.35

### Treasury Yield Curve – 07/22/2016



As of close of business 07/21/2016

**S&P Sector Performance (YTD) – 07/22/2016**



As of close of business 07/21/2016

**Economic Calendar**

<b>July 26</b>	—	New Home Sales (June) Consumer Confidence (July)
<b>July 27</b>	—	Durable Goods Orders (June) Pending Home Sales Index (June) FOMC Policy Decision (no press conference)

<b>July 28</b>	—	Jobless Claims (week ending July 23) Advance Economic Indicators (June)
<b>July 29</b>	—	Employment Cost Index (2Q16) Real GDP (2Q16 + annual benchmark revisions) Chicago Purchasing Managers Index (July)

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US government bonds and treasury bills are guaranteed by the US government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. US government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. Treasury bills are certificates reflecting short-term (less than one year) obligations of the US government.

Commodities trading is generally considered speculative because of the significant potential for investment loss. Markets for commodities are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising. Specific sector investing can be subject to different and greater risks than more diversified investments.

Tax Equiv Muni yields (TEY) assumes a 35% tax rate. Municipal securities may lose their tax-exempt status if certain legal requirements are not met, or if tax laws change.

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Data source: Bloomberg, as of close of business July 21, 2016.



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