WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

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MARKET COMMENTARY
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The economic data were mostly on the strong side of expectations. Nonfarm payrolls surprised sharply to the upside in June (+287,000), but that followed a very soft payroll figure for May (revised to +11,000). The disappointing May number is now seen as an anomaly, but then so was the June figure. Large month-to-month swings in payrolls are unusual, but they do happen occasionally. The three-month average payroll gain was +147,000, slower than in 1Q16 (+196,000) and 2015 (+221,000). That slowdown may reflect greater caution in hiring (reflecting uncertainty about the Brexit vote, the presidential election, and the global economy), but it may also be due to tighter labor market conditions. The unemployment rate rose to 4.9%, versus 4.7% in May and 5.0% in April, but this likely reflects noise in the data (the unemployment rate is reported accurate to ±0.2%).

In its Financial Stability Report, the Bank of England highlighted several channels through which the Brexit vote could increase risks to financial stability, including the funding of the U.K.'s large current account deficit, the commercial real estate market, high household debt, subdued global growth, and fragility in the functioning of financial markets. Global anxieties pushed long-term interest rates down worldwide (to be clear, the drop in Treasury yields reflects this global flight to safety, not domestic economic weakness).

Next week, the important economic data bunch up on Friday. However, while the data reports will help to fill in the picture for 2Q16, market participants are likely to remain focused on the rest of the world. Policymakers at the Bank of England will meet on Thursday. Recall that, prior to the Brexit vote, BOE Governor Mark Carney said the policy implications were unclear. The central bank would have to choose between fighting inflation and supporting economic growth. However, after the vote, Carney said that "some monetary policy easing will likely be required over the summer." Investors may be disappointed if the BOE doesn't pull the trigger.

Indices

	Last	Last Week	YTD return %
DJIA	17895.88	17929.99	2.70%
NASDAQ	4879.81	4842.67	-2.61%

S&P 500	2097.90	2098.86	2.64%
MSCI EAFE	1583.06	1608.45	-7.76%
Russell 2000	1149.76	1151.92	1.22%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.40	0.13
30-year mortgage	3.37	4.04

Currencies

	Last	1 year ago
Dollars per British Pound	1.291	1.536
Dollars per Euro	1.106	1.108
Japanese Yen per Dollar	100.77	120.71
Canadian Dollars per Dollar	1.300	1.275
Mexican Peso per Dollar	18.829	15.848

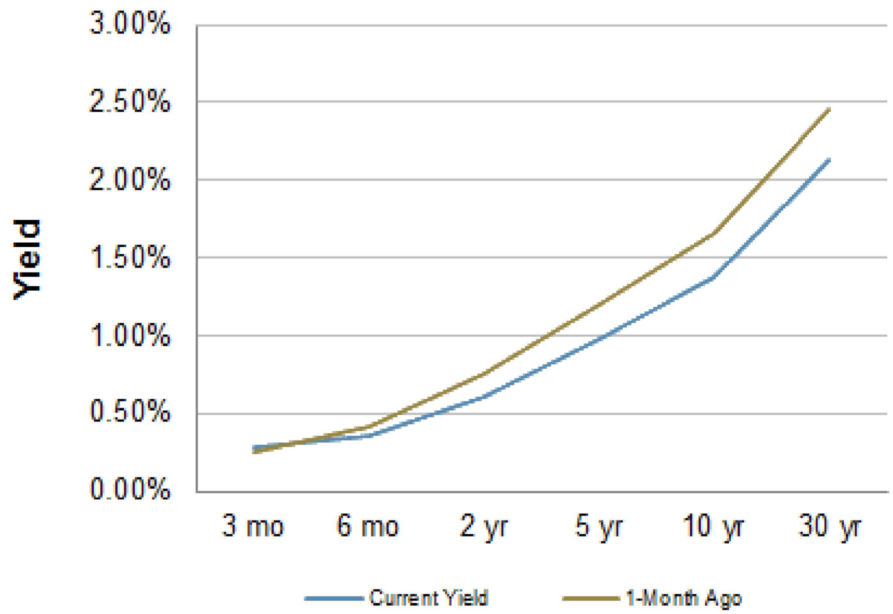
Commodities

	Last	1 year ago
Crude Oil	45.14	51.65
Gold	1362.10	1163.50

Bond Rates

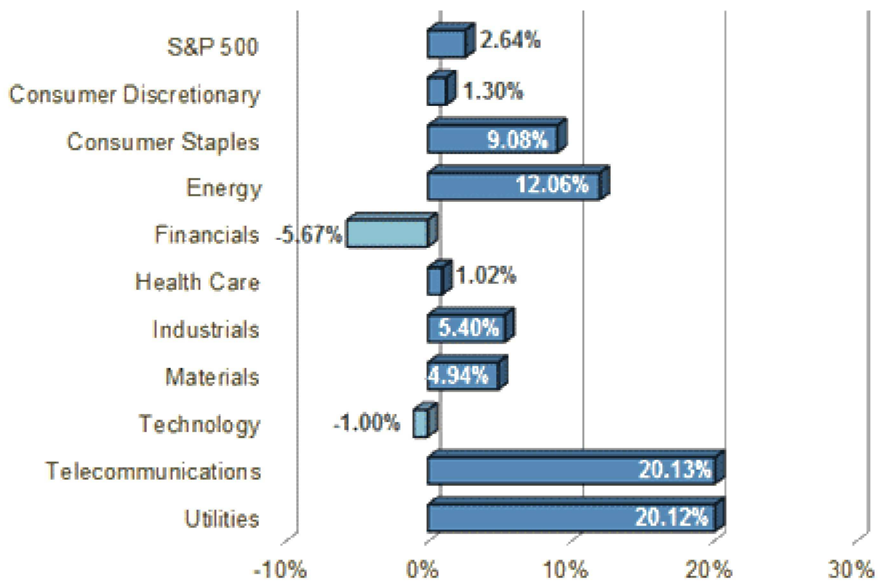
	Last	1 month ago
2-year treasury	0.61	0.76
10-year treasury	1.38	1.66
10-year municipal (TEY)	2.03	2.37

Treasury Yield Curve – 07/08/2016



As of close of business 07/07/2016

S&P Sector Performance (YTD) – 07/08/2016



As of close of business 07/07/2016

Economic Calendar

July 12	—	Small Business Optimism Index (June) Job Opening and Labor Turnover Survey (May)
July 13	—	Import Prices (June) Fed Beige Book

July 14	—	BOE Policy Decision Jobless Claims (week ending July 9)
July 15	—	Consumer Price Index (June) Retail Sales (June) Industrial Production (June)

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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 7, 2016.

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