

WEEKLY MARKET SNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

August 5, 2016

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Nonfarm payrolls rose by 255,000 in the initial estimate for July - a lot stronger than expected (but within the normal range of uncertainty in these data). Unadjusted payrolls fell by more than a million (reflecting the end of the school year) and seasonal adjustment appeared to add somewhat to the headline (adjusted) figure. Private-sector payrolls rose by 217,000 in July, a 158,000 gain in the last three months (vs. +221,000 in 2015 and +240,000 in 2014) - still relatively strong, but a less robust trend this year. The unemployment rate held steady at 4.9%. Hours edged higher and average hourly earnings rose 0.3% (+2.6% y/y).

Personal income and spending figures for June received little attention from the markets (quarterly figures were included with the GDP report). While inflation-adjusted spending was strong in 2Q16 (and in the first half), income growth has slowed significantly. That may be revised away, but at face value it suggests limited fuel for consumer spending growth in the near term. Yet, the July employment data (jobs, hours and average hourly earnings) pointed to a healthy pickup in wage growth in early 3Q16. In addition, unit auto sales rose sharply in July.

As expected, the Bank of England lowered short-term interest rates to counter the drag on the economy from the Brexit vote. However, the BOE also expanded its asset purchase program (which wasn't entirely factored into the markets) and indicated that there was scope to do more (in his post-meeting press conference, BOE Governor Carney took an especially stark tone).

Next week, the economic calendar thins out. Friday's retail sales figures ought to support the view that the consumer remains in good shape in 3Q16. Unit auto sales were reported to have risen sharply, while lower gasoline prices may subtract a bit.

Indices

	Last	Last Week	YTD return %
DJIA	18352.05	18422.73	5.32%
NASDAQ	5166.25	5160.89	3.17%
S&P 500	2164.25	2168.64	5.89%

MSCI EAFE	1663.50	1658.16	-3.08%
Russell 2000	1213.76	1215.34	6.86%

Consumer Money Rates

	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.41	0.28
30-year mortgage	3.38	3.91

Currencies

	Last	1 year ago
Dollars per British Pound	1.311	1.560
Dollars per Euro	1.113	1.091
Japanese Yen per Dollar	101.22	124.87
Canadian Dollars per Dollar	1.302	1.318
Mexican Peso per Dollar	18.908	16.374

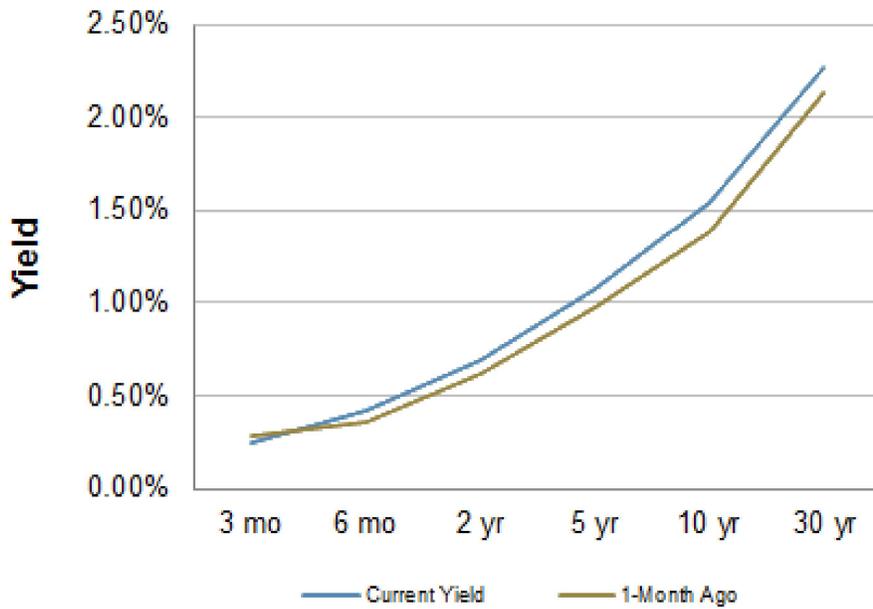
Commodities

	Last	1 year ago
Crude Oil	41.93	45.15
Gold	1367.40	1085.60

Bond Rates

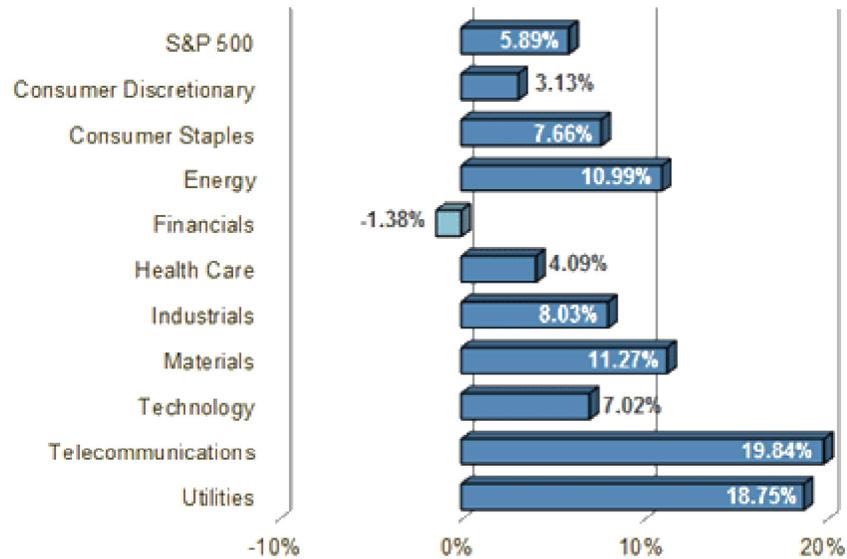
	Last	1 month ago
2-year treasury	0.69	0.61
10-year treasury	1.53	1.38
10-year municipal (TEY)	2.21	2.03

Treasury Yield Curve – 08/05/2016



As of close of business 08/04/2016

S&P Sector Performance (YTD) – 08/05/2016



As of close of business 08/04/2016

Economic Calendar

August 9	—	Small Business Optimism (July) Productivity (2Q16, preliminary)
August 11	—	Jobless Claims (week ending August 6) Import Prices (July)

August 12	—	Producer Prices (July) Retail Sales (July)
August 16	—	BOE Policy Decision Consumer Price Index (July) Building Permits, Housing Starts (July) Industrial Production (July)
August 17	—	FOMC Minutes (July 26-27)

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