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# WEEKLY MARKETSNAPSHOT

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CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

August 19, 2016

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

The FOMC minutes (from the July 26-27 policy meeting) showed that officials were divided on the timing of the next rate hike. Some felt that the labor market had already tightened enough and that the Fed risked generating financial excesses by keeping rates so low for so long. Others felt that there was plenty of time to wait for more information and that it would be harder to correct course if the Fed moved too rapidly. Among voting FOMC members, the hawkish view (those wanting to raise rates sooner rather than later) appeared to be a minority.

Industrial production rose more than expected in July, boosted by hot weather (increased output of utilities) and a possible seasonal adjustment quirk in autos (more muted plant closings this year). Oil and gas well drilling, down 75% since late 2015, rose 4.9% (suggesting a possible bottom in energy exploration). Consumer price inflation was a bit lower than expected (ex-food, energy and shelter, the CPI rose 1.4% y/y).

Next week, market participants may react to any surprises in the economic data reports, but there's nothing that will significantly alter the overall economic picture. The focus will be on Janet Yellen's Jackson Hole speech. The Fed chair may not provide any definitive clues on what policymakers will do at the September 20-21 policy meeting. Rather, she is set to examine the variety of tools that the Fed has used during the recession and recovery.

### Indices

	Last	Last Week	YTD return %
DJIA	18597.70	18613.52	6.73%
NASDAQ	5240.15	5228.40	4.65%
S&P 500	2187.02	2185.79	7.00%
MSCI EAFE	1707.90	1708.32	-0.49%
Russell 2000	1236.85	1229.12	8.89%

### Consumer Money Rates

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	Last	1 year ago
Prime Rate	3.50	3.25
Fed Funds	0.40	0.14
30-year mortgage	3.41	3.93

### Currencies

	Last	1 year ago
Dollars per British Pound	1.317	1.568
Dollars per Euro	1.135	1.112
Japanese Yen per Dollar	99.89	123.80
Canadian Dollars per Dollar	1.278	1.313
Mexican Peso per Dollar	18.189	16.621

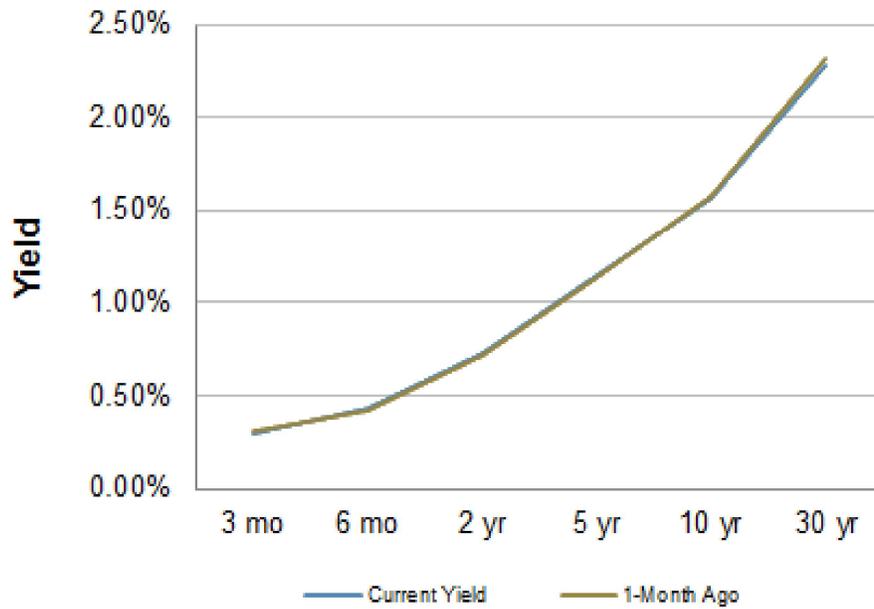
### Commodities

	Last	1 year ago
Crude Oil	48.22	40.80
Gold	1357.20	1127.90

### Bond Rates

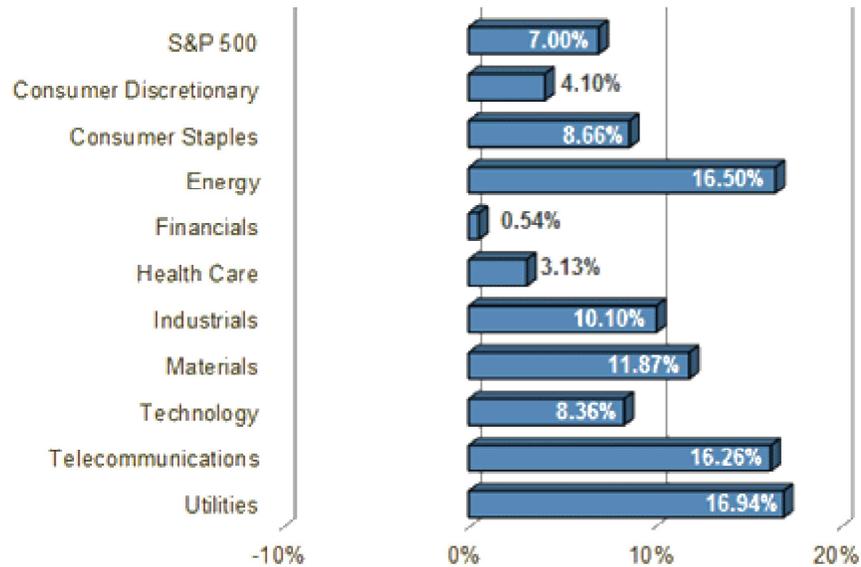
	Last	1 month ago
2-year treasury	0.73	0.71
10-year treasury	1.56	1.58
10-year municipal (TEY)	2.18	2.26

### Treasury Yield Curve – 08/19/2016



As of close of business 08/18/2016

#### S&P Sector Performance (YTD) – 08/19/2016



As of close of business 08/18/2016

#### Economic Calendar

<b>August 23</b>	—	New Home Sales (July)
<b>August 24</b>	—	Existing Home Sales (July)
<b>August 25</b>	—	Jobless Claims (week ending August 20) Durable Goods Orders (July)

August 26

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Real GDP (2Q16, 2nd estimate)

Yellen Jackson Hole speech

Past performance is not a guarantee of future results. There are special risks involved with global investing related to market and currency fluctuations, economic and political instability, and different financial accounting standards. There is no assurance that any trends mentioned will continue in the future. While interest on municipal bonds is generally exempt from federal income tax, it may be subject to the federal alternative minimum tax, state or local taxes. In addition, certain municipal bonds (such as Build America Bonds) are issued without a federal tax exemption, which subjects the related interest income to federal income tax. Also municipal bonds may be subject to capital gains taxes if sold or redeemed at a profit. Investing involves risk and investors may incur a profit or a loss.

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.

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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 August 18, 2016.

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