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WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JULY 14, 2017

Market Commentary
by Scott J. Brown, Ph.D., Chief Economist

Fed Chair Janet Yellen covered no new ground in her monetary policy testimony to Congress, noting that the Fed *"continues to expect that the evolution of the economy will warrant gradual increases in the federal funds rate over time to achieve and maintain maximum employment and stable prices."* However, stock market participants were concerned that she could take a more hawkish stance and were relieved that she didn't.

The Consumer Price Index (CPI) report got more than the usual attention from financial market participants, although the Fed is focused on *future* inflation, not *past* inflation. Still, the headline CPI figures for June came in a little below expectations. Retail sales results for June were weaker than expected (and expectations were relatively poor). However, real wage growth improved and should provide some support for consumer spending growth in the near term. Industrial production rose 0.4% in June, supported by a further rebound in energy exploration (oil and gas well drilling is up 114% since May 2016, but still down 47% from late 2014). Manufacturing output rose 0.2% (+1.4% y/y), trending flat since February.

Next week, the economic calendar is relatively thin. There could be some reaction to any surprises in Wednesday's residential construction figures, but the stock market is expected to be driven more by earnings reports and the bond market may look to the stock market for direction.

Indices

	Last	Last Week	YTD return %

DJIA	21553.09	21287.03	9.06%
NASDAQ	6274.44	6089.47	16.56%
S&P 500	2447.83	2409.75	9.34%
MSCI EAFE	1904.89	1882.57	13.12%
Russell 2000	1425.66	1400.82	5.05%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.25	3.50
Fed Funds	1.16	0.40
30-year mortgage	4.08	3.60

Currencies

	Last	1 year ago
Dollars per British Pound	1.299	1.334
Dollars per Euro	1.140	1.112
Japanese Yen per Dollar	113.28	105.35
Canadian Dollars per Dollar	1.272	1.289
Mexican Peso per Dollar	17.684	18.354

Commodities

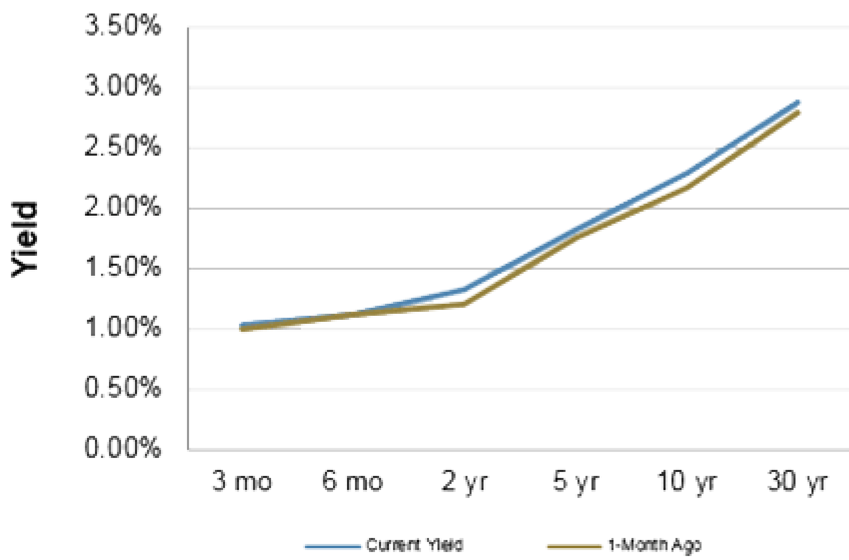
	Last	1 year ago
Crude Oil	46.08	45.68

Gold	1223.30	1332.20

Bond Rates

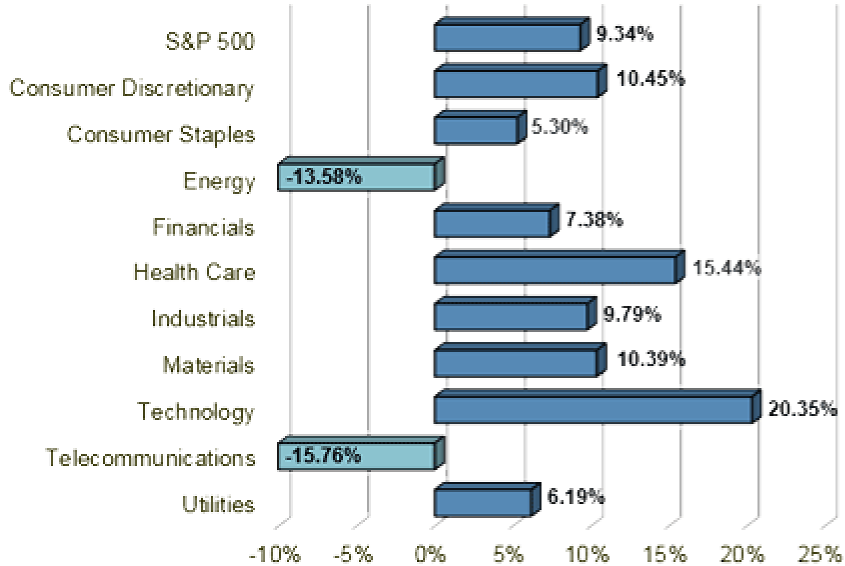
	Last	1 month ago
2-year treasury	1.33	1.33
10-year treasury	2.38	2.16
10-year municipal (TEY)	3.07	2.85

Treasury Yield Curve – 07/14/2017



As of close of business 07/13/2017

S&P Sector Performance (YTD) – 07/14/2017



As of close of business 07/14/2017

Economic Calendar

July 17	—	Empire State Manufacturing Index (July)
July 18	—	Import Prices (June)
	—	Homebuilder Sentiment (July)
July 19	—	Building Permits, Housing Starts (June)
June 20	—	Jobless Claims (week ending July 15)
	—	Philadelphia Fed Index (July)
	—	Leading Economic Indicators (June)
	—	Retail Sales (June)
	—	Industrial Production (June)

June 25	—	CB Consumer Confidence (July)
July 26	—	FOMC Policy Decision (no Yellen press conference)
July 27	—	Durable Goods Orders (June)
July 28	—	Real GDP (2Q17 advance estimate + benchmark revisions)
	—	Employment Cost Index (2Q17)
August 4	—	Employment Report (July)
September 20	—	FOMC Policy Decision (Yellen press conference)