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WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JULY 28, 2017

Market Commentary
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As was widely expected, the Federal Open Market Committee (FOMC) left the federal funds target range unchanged, at 1-1.25%, and repeated that it *"expects that economic conditions will evolve in a manner that will warrant gradual increases in the federal funds rate."* The FOMC also indicated that it expects balance sheet reduction to begin *"relatively soon"* (which is widely interpreted as October, to be announced at the mid-September policy meeting).

GDP rose at a 2.6% annual rate in the advance estimate for 2Q17, matching the median forecast, and the details were largely in line with expectations. Consumer spending growth picked up. Business fixed investment remained strong, although not quite as robust as in the first quarter (with the rebound in energy exploration accounting for nearly half of the first half gain). Residential fixed investment fell, but that followed a sharp weather-related increase in 1Q17. Inventory growth was essentially flat (at the start of the quarter, economists had generally expected to see a sharp rebuilding – that didn't happen).

The Conference Board's Consumer Confidence Index improved in the initial estimate for July, reflecting further improvement in labor market perceptions. The University of Michigan Consumer Sentiment Index edged down, reflecting a dip in expectations (which remain sharply divided by political affiliation). Durable goods orders rose 6.5% in June, due to a surge in civilian aircraft orders (which are volatile).

Next week, attention turns to the monthly data, as July figures (auto sales, ISM survey, employment) begin to arrive. The June personal income and spending figures should help in gauging the consumer's momentum heading into 3Q17. Heavy discounting may help motor vehicle sales. Job growth is likely to have been moderately strong in July, but seasonal adjustment can be tricky (due to the end of the school year, we can expect to lose about 1.2 million jobs in education, prior to seasonal adjustment). One should take the monthly payroll figure with a grain of salt and focus on the three-month average.

Indices

	Last	Last Week	YTD return %
DJIA	21796.55	21611.78	10.29%
NASDAQ	6382.19	6390	18.56%
S&P 500	2475.42	2473.45	10.57%
MSCI EAFE	1936.45	1937.82	14.99%
Russell 2000	1433.62	1442.35	5.64%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.25	3.50
Fed Funds	1.16	0.40
30-year mortgage	4.04	3.39

Currencies

	Last	1 year ago
Dollars per British Pound	1.307	1.316
Dollars per Euro	1.168	1.108
Japanese Yen per Dollar	111.26	105.27
Canadian Dollars per Dollar	1.255	1.316
Mexican Peso per Dollar	17.725	18.893

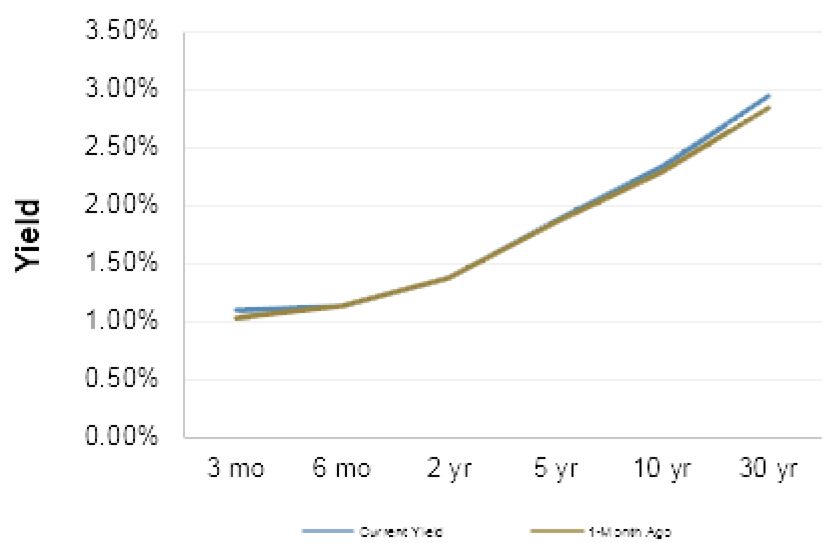
Commodities

	Last	1 year ago
Crude Oil	49.04	41.14
Gold	1266.50	1341.20

Bond Rates

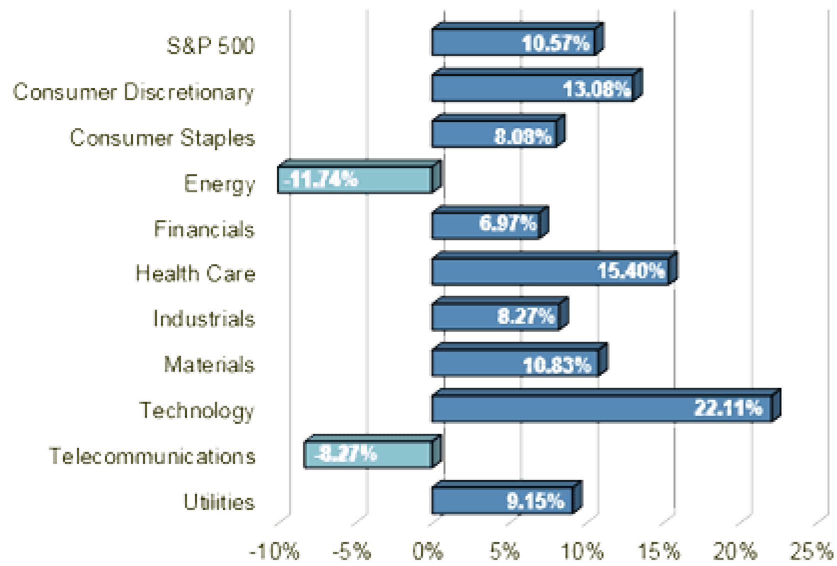
	Last	1 month ago
2-year treasury	1.37	1.37
10-year treasury	2.33	2.28
10-year municipal (TEY)	2.92	3.00

Treasury Yield Curve – 07/28/2017



As of close of business 07/27/2017

S&P Sector Performance (YTD) – 07/28/2017



As of close of business 07/27/2017

Economic Calendar

July 31	—	Chicago Business Barometer (July)
	—	Pending Home Sales Index (June)
August 1	—	Personal Income and Spending (June)
August 1	—	ISM Manufacturing Index (July)
August 1	—	Motor Vehicle Sales (July)
August 2	—	ADP Payroll Estimate (July)
August 3	—	Jobless Claims (week ending July 28)
	—	ISM Non-Manufacturing Index (July)
August 4	—	Employment Report (July)

	—	Trade Balance (June)
August 11	—	Consumer Price Index (July)
August 15	—	Retail Sales (July)
September 1	—	Employment Report (August)
September 4	—	Labor Day Holiday (markets closed)
September 20	—	FOMC Policy Decision (Yellen press conference)