

WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

JULY 21, 2017

Market Commentary

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

It was a relatively thin week for economic data. Building permits and housing starts were stronger than expected in June. These figures can be choppy, but it appears as if the mild winter pulled forward seasonal gains from April and May into the first quarter. Unadjusted single-family permits for 2Q17 were up 7.1% from 2Q16. Homebuilder sentiment continued to edge down (still relatively high by historical standards), as builders cited concerns about rising costs (notably, lumber). The European Central Bank left short-term interest rates unchanged and did not alter its asset purchase program, but ECB President Draghi said the policymakers will consider whether to alter its future asset purchase plans in the autumn. Financial markets were hoping for a signal that policy will be tightened and took Draghi's words as "hawkish" – resulting in a stronger euro.

Senate efforts to repeal the Affordable Care Act failed once again. News that the Mueller investigation was expanding into Trump's businesses caught the market's attention.

Next week, the economic calendar picks up, but the Fed policy meeting is not expected to be the highlight. There is no Yellen press conference this time and we won't get revised Fed forecasts – the only thing to go on will be the wording of the policy statement, which isn't likely to change much from the policy statement we got six weeks ago. Financial markets could react to surprises in the Consumer Confidence Index or durable goods orders, but the focus is on the 2Q17 GDP estimate. There's always a lot of uncertainty in the advance estimate, but we'll also get annual benchmark revisions, adding another layer of uncertainty (revisions are likely to shift growth from quarter to quarter, not necessarily higher or lower). Consumer spending growth is expected to have picked up in 2Q17 (despite the soft retail sales results for May and June). Business fixed investment should remain strong (but not as robust as in 1Q17).

Indices

	Last	Last Week	YTD return %
DJIA	21611.78	21553.09	9.36%
NASDAQ	6390	6274.44	18.70%
S&P 500	2473.45	2447.83	10.48%
MSCI EAFE	1937.82	1904.89	15.07%
Russell 2000	1442.35	1425.66	6.28%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.25	3.50
Fed Funds	1.16	0.40
30-year mortgage	4.03	3.65

Currencies

	Last	1 year ago
Dollars per British Pound	1.297	1.323
Dollars per Euro	1.163	1.103
Japanese Yen per Dollar	111.91	105.82
Canadian Dollars per Dollar	1.259	1.309
Mexican Peso per Dollar	17.486	18.577

Commodities

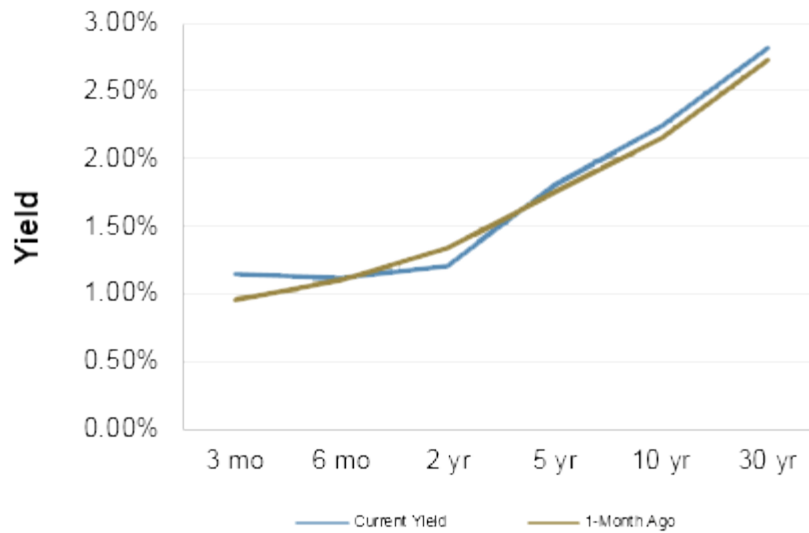
	Last	1 year ago
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Crude Oil	46.92	44.75
Gold	1252.10	1339.90

Bond Rates

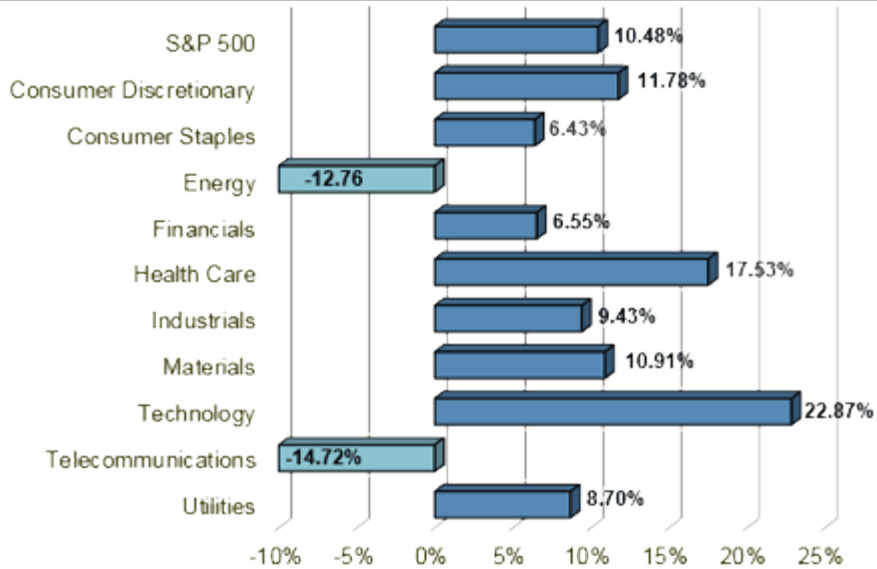
	Last	1 month ago
2-year treasury	1.35	1.34
10-year treasury	2.24	2.15
10-year municipal (TEY)	4.03	2.83

Treasury Yield Curve – 07/21/2017



As of close of business 07/20/2017

S&P Sector Performance (YTD) – 07/21/2017



As of close of business 07/20/2017

Economic Calendar

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|----------------|---|--------------------------------------------------------|
| July 23 | — | IMF World Economic Outlook (update) |
| July 24 | — | Existing Home Sales (June) |
| July 25 | — | CB Consumer Confidence (July) |
| July 26 | — | New Home Sales (June) |
| | — | FOMC Policy Decision (no Yellen press conference) |
| July 27 | — | Durable Goods Orders (June) |
| | — | Durable Goods Orders (June) |
| | — | Advance Economic Indicators (June) |
| July 28 | — | Real GDP (2Q17 advance estimate + benchmark revisions) |

	—	Employment Cost Index (2Q17)
	—	UM Consumer Sentiment (July)
August 1	—	ISM Manufacturing Index (July)
August 4	—	Employment Report (July)
September 20	—	FOMC Policy Decision (Yellen press conference)