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WEEKLY
MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

AUGUST 18, 2017

Market Commentary

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

The stock market had held up relatively well following increased tensions with North Korea and the weekend developments in Charlottesville. However, President Trump's response to Charlottesville and the ensuing exodus of CEO support seemed to finally matter.

There were no major surprises in the FOMC minutes, although (widely under-reported) Fed officials noted that uncertainty about federal policies (healthcare, trade and fiscal issues) may be dampening firms' spending and hiring plans. There was some debate about whether to announce a date for the start of balance sheet unwinding, but most Fed officials preferred to wait.

Retail sales rose more than expected in July, with upward revisions to the figures for May and June (still, a lackluster-to-moderate trend). Industrial production rose 0.2%, but only because warmer temperatures boosted the output of utilities. Manufacturing output edged lower, reflecting a 3.6% drop in motor vehicles (take that with a grain of salt – auto output has been choppy in recent months and seasonal adjustment is difficult in July).

Next week, the focus is expected to be on the Kansas City Fed's annual monetary policy symposium in Jackson Hole, Wyoming. Homes sales figures (Wednesday, Thursday) are rarely market-movers. Durable goods orders (Friday) are expected to have tanked in July, reflecting a sharp pullback in aircraft orders (which had surged in June). Ex-transportation, orders are expected to be mixed, but generally lackluster to moderate. Financial market participants have been eagerly awaiting Fed Chair Janet Yellen's appearance (Friday). However, the title of her speech ("financial stability") suggests that her comments may be more academic and less about current monetary policy (although she may continue to suggest that the Fed's balance sheet reduction will begin "relatively soon"). Global investors had hoped

that ECB President Mario Draghi would signal a major shift in the monetary policy outlook in his Jackson Hole speech, but officials have squashed that rumor.

Indices

	Last	Last Week	YTD return %
DJIA	21750.73	21844.01	10.06%
NASDAQ	6221.91	6216.87	15.58%
S&P 500	2430.01	2438.21	8.54%
MSCI EAFE	1926.32	1927.41	14.39%
Russell 2000	1358.94	1372.54	0.13%

Consumer Money Rates

	Last	1 year ago
Prime Rate	4.25	3.50
Fed Funds	1.16	0.40
30-year mortgage	3.95	3.64

Currencies

	Last	1 year ago
Dollars per British Pound	1.287	1.316
Dollars per Euro	1.172	1.352
Japanese Yen per Dollar	109.57	100.22
Canadian Dollars per Dollar	1.268	1.287
Mexican Peso per Dollar	17.849	18.139

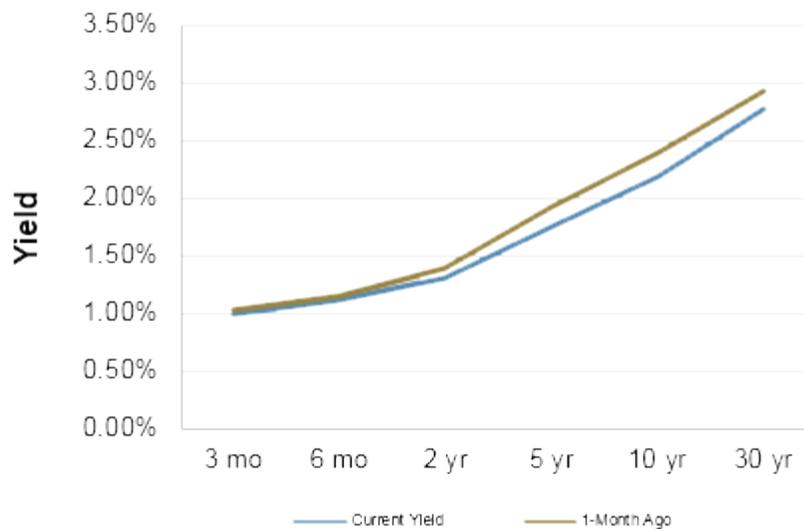
Commodities

	Last	1 year ago
Crude Oil	47.09	48.22
Gold	1292.40	1357.20

Bond Rates

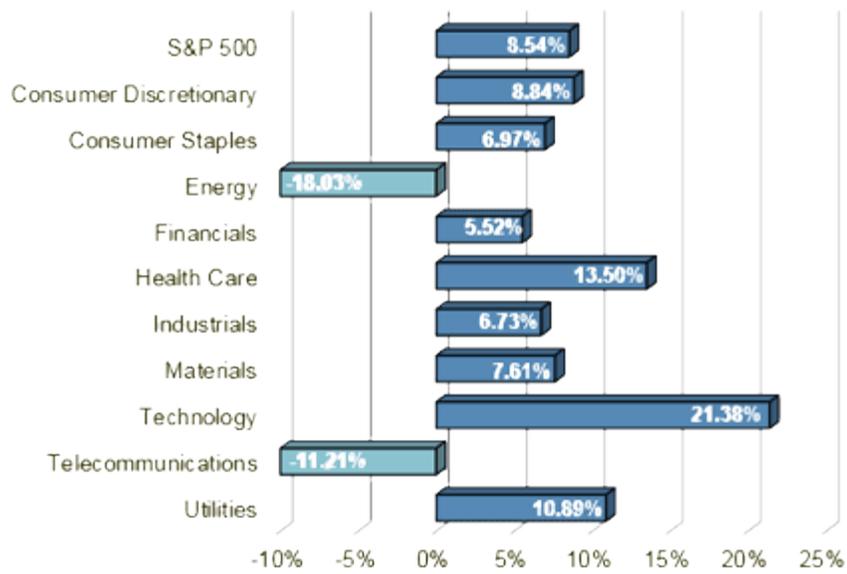
	Last	1 month ago
2-year treasury	1.23	1.35
10-year treasury	2.18	2.24
10-year municipal (TEY)	2.92	4.03

Treasury Yield Curve – 08/18/2017



As of close of business 08/17/2017

S&P Sector Performance (YTD) – 08/18/2017



As of close of business 08/17/2017

Economic Calendar

- | | | |
|------------------|---|--|
| August 23 | — | New Home Sales (July) |
| August 24 | — | Jobless Claims (week ending August 19) |
| | — | Existing Home Sales (July) |
| August 25 | — | Durable Goods Orders (July) |
| | — | Yellen Jackson Hole Speech (tentative) |
| | — | Draghi Jackson Hole Speech |
| August 29 | — | CB Consumer Confidence (August) |
| August 30 | — | ADP Payroll Estimate (August) |
| | — | Real GDP (2Q17, 2nd estimate) |

- September 1** — Employment Report (August)
- ISM Manufacturing Index (August)
- September 4** — Labor Day Holiday (markets closed)
- September 20** — FOMC Policy Decision (Yellen press conference)

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The Dow Jones Industrial Average is an unmanaged index of 30 widely held stocks. The NASDAQ Composite Index is an unmanaged index of all common stocks listed on the NASDAQ National Stock Market. The S&P 500 is an unmanaged index of 500 widely held stocks. The MSCI EAFE (Europe, Australia, Far East) index is an unmanaged index that is generally considered representative of the international stock market. The Russell 2000 index is an unmanaged index of small cap securities which generally involve greater risks. An investment cannot be made directly in these indexes. The performance noted does not include fees or charges, which would reduce an investor's returns. U.S. 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. U.S. 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 U.S. government.

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