

THE WEEK IN REVIEW

Global equities started the week on the wrong foot as Turkey's economic turmoil continued to weigh on market sentiment. Turkey's economic situation and weakening currency contributed to fears the country and other emerging market countries with weak currencies could encounter trouble paying back debt denominated in other currencies. These fears and weakness in Chinese technology companies led the MSCI Emerging Market stock index to decline nearly 4.0% in the first four days of the week. The S&P 500 Energy sector was a drag on domestic equities, declining over 3.0% this week in response to the Energy Information Administration's report that U.S. crude oil inventories jumped last week by almost three times the amount expected by analysts.

Developed market equities rebounded on Thursday and Friday following favorable second quarter earnings reports, stability in emerging markets and commodity prices, and the announcement that the U.S. and China will resume trade talks later this month. The Dow Jones Industrial Average climbed 356 points on the week, while the S&P 500 Index posted a weekly advance of 0.6% marking its sixth weekly gain in the last seven weeks.

The NFIB Small Business Optimism Index rose slightly in July and reached the second highest level in the index's 45-year history; the highest level occurred in July 1983. The index was boosted by higher expectations among small business owners for sales growth, economic improvement and capital expenditures.

New home construction rose less than expected in July with residential starts increasing 0.9% to an annualized rate of 1.17 million units versus economists' estimates for 1.27 million. July's increase was a modest rebound after a large drop in June. The housing market has been weaker in recent months due to rising home prices, higher mortgage rates, a shortage of skilled labor, and higher material costs. This soft patch has led to the supply of homes rising to the highest level in a year, at 5.7 months of supply.

Retail sales growth of 0.5% in July was more robust than economists' expectations for just 0.1% growth. The better-than-expected growth was driven by 22.2% gasoline station sales growth and 9.7% vehicles and parts growth. Year-over-year retail sales growth accelerated to 6.4%, the highest level since February 2012. The acceleration in retail sales suggests consumer spending continues to strengthen which should contribute to stronger economic growth.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
NFIB Small Business Optimism	107.9	104.8	▲
Retail Sales (MoM)	0.5%	0.3%	▲
Industrial Production (MoM)	0.1%	1.2%	▼
Housing Starts (Millions Annualized)	1.17	1.28	▼
U. of Mich. Consumer Sentiment	95.3	98.0	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	25669.32	1.41%	3.84%	18.02%
NASDAQ	7816.33	-0.29%	13.22%	25.63%
S&P 500 Large Cap	2850.13	0.59%	6.60%	17.29%
MSCI EAFE	1922.55	-1.45%	-6.25%	-0.20%
Barclays Aggregate US	2023.51	-0.04%	-1.12%	-0.80%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.03%	2.04%	2.01%	1.00%
10-Year Treasury	2.86%	2.87%	2.86%	2.19%

REPORTS DUE NEXT WEEK	LATEST
Existing Home Sales (Millions Annualized)	5.38
New Home Sales (Thousands Annualized)	631
Durable Goods Orders	0.8%

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.