WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Stocks closed out the first half of the year up 9.3% as measured by the S&P 500. The gains came from an over 17% return in Technology stocks. For the week, the S&P 500 index closed down 0.6%. European equity indices fell broadly, as hawkish comments from central bankers spurred a selloff. The Stoxx Europe 600 fell 2.1%. The U.S. 10-Year Treasury yield hit its highest level in more than a month, fueled by global rates and comments from Janet Yellen on the strength of the U.S. economic expansion.

- **Economic Data:** *New orders* for durable goods declined 1.1% in May, falling a little short of the consensus expected 0.6%. Orders excluding transportation rose 0.1% in May, missing the consensus expected rise of 0.4%. Orders are up 2.7% from a year ago while orders excluding transportation are up 5.5%. *Real GDP growth* in Q1 was revised up to a 1.4% annual rate versus a prior estimate of 1.2% and original estimate of 0.7%. The consensus expected 1.2%. *Personal income* increased 0.4% in May; beating consensus expected 0.3% gain. *Personal consumption* increased 0.1% meeting expected consensus. Personal income is up 3.5% in the past year, while spending is up 4.2%. *Disposable personal income* (income after taxes) increased 0.5% in May and is up 3.7% from a year ago. The overall *PCE deflator* (consumer inflation) declined 0.1% in May but is up 1.4% versus a year ago. The "core" PCE deflator, which excludes food and energy, rose 0.1% in May and is up 1.4% in the past year.
- **Equity:** U.S. equities ended the week 0.6% lower, capped by a 2% drop in technology, this year's strongest-performing S&P 500 sector. European equity indices fell broadly, as hawkish comments from central bankers spurred a selloff. The Stoxx Europe 600 fell 2.1% and the FTSE 100 fell 1.5%. Japanese stocks also traded lower, mirroring the pressure on U.S. and European markets. After five weeks of losses, WTI Crude Oil rose 7%.
- **Fixed Income:** Coordinated central bank "less accommodation" talk at the Sintra Summit in Portugal (BOE, BOC, ECB, BOJ) affected yields globally. In the U.S., the yield curve steepened with 10-year T-Note and 30-year T-Bond yield rising 16 and 12 bps, respectively. As investors digested comments from European Central Bank President Mario Draghi that the ECB will soon follow the Federal Reserve's less accommodative monetary policy yields rose markedly across the board. These hawkish comments were echoed by central bankers in Canada and the UK, sending global bond markets for a tailspin.
- **Political and Policy News:** Republican leaders in the Senate postponed a vote on their health-care bill to repeal Obamacare.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	-0.57%	1.45%	2.27%
Barclays Global Aggr Bond	-0.28%	2.60%	4.41%
Barclays US Corp High Yield	0.28%	2.17%	4.93%
JPM Emerging Mkts Bond	-0.40%	2.21%	6.20%
S&P Equity 500	-0.58%	3.09%	9.34%
Russell 3000 All Cap	-0.50%	3.02%	8.93%
Russell 2000 Small Cap	0.10%	2.46%	4.99%
NASDAQ Composite	-1.97%	4.16%	14.71%
S&P Global BMI	-0.28%	4.49%	11.75%
MSCI EAFE	-0.26%	6.12%	13.81%
MSCI EAFE Small Cap	-0.22%	8.10%	16.72%
MSCI Emerging Markets	0.10%	6.27%	18.43%

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