



# WEEKLY MARKET WRAP

## REVIEW & PREVIEW

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The S&P 500 index ended the week flat as broad strength in corporate earnings offset weakness in the technology sector. WTI Crude Oil had its strongest week of the year, up 8.6%, after Saudi Arabia and Russia announced further production cuts. U.S. Treasury yields climbed modestly higher last week, led by 30-year maturities. The Global Aggregate Index posted a positive total return based on a strong return in the European region.

- Economic Data:** *Existing home sales* declined 1.8% in June to a 5.52 million annual rate, below the consensus expected 5.57 million. The drop was entirely due to a decline in sales of single-family homes. Sales are up 0.7% versus a year ago. *New single-family home sales* rose 0.8% in June to a 610,000 annual rate, below the consensus expected 615,000. Sales are up 9.1% from a year ago. *Durable goods orders* grew at the fastest pace in nearly three years in June and rose 6.5% in June, beating the consensus expected gain of 3.9%. The first estimate for *Q2 real GDP growth* is 2.6% at an annual rate; almost exactly the consensus expected 2.7%. Real GDP is up 2.1% from a year ago. “*Core*” real GDP, which excludes inventories, international trade, and government purchases grew at a solid 2.7% annual pace in Q2, and that includes a drop in home building at a 6.8% rate that’s likely to reverse in the quarters to come, given strong fundamentals in that sector.
- Equity:** The U.S. Equity market ended the week unchanged as strong quarterly corporate earnings results were largely offset by profit-taking in some of the year-to-date winners. WTI Crude Oil had its strongest week of the year, up 8.6%, after Saudi Arabia and Russia announced further production cuts.
- Fixed Income:** The yield curve steepened as the U.S. 10-Year Treasury yield closed 5 basis points higher after a more dovish Fed statement and a softer preliminary GDP print only partially offset an early-week rise in yields. Investors interpreted the rally in crude oil prices (+8.6%) and other commodities as a signal of elevated inflation expectations and reduced their fixed income holdings accordingly. Global sovereign bond yields edged higher in a reversal of the prior week’s trend.
- Corporate News / Earnings:** With close to 60% of the companies in the S&P 500 have reported earnings results for the 2<sup>nd</sup> quarter, 73% have beat the mean EPS and sales estimate. The earnings growth rate is now 9.1% with the Energy sector the top sector. Amazon reported disappointing 2<sup>nd</sup> quarter earnings of 40 cents per share, which missed estimates of \$1.42 per share.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	-0.21%	0.43%	2.72%
Barclays Global Aggr Bond	0.12%	1.50%	5.97%
Barclays US Corp High Yield	0.21%	1.10%	6.08%
JPM Emerging Mkts Bond	-0.29%	0.57%	6.81%
S&P Equity 500	0.00%	2.13%	11.67%
Russell 3000 All Cap	-0.05%	1.98%	11.09%
Russell 2000 Small Cap	-0.45%	1.03%	6.07%
NASDAQ Composite	-0.19%	3.85%	19.13%
S&P Global BMI	0.10%	2.69%	14.76%
MSCI EAFE	0.23%	2.61%	16.78%
MSCI EAFE Small Cap	0.32%	3.23%	20.49%
MSCI Emerging Markets	0.29%	5.63%	25.10%

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