



# WEEKLY MARKET WRAP

## REVIEW & PREVIEW

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Eurozone second-quarter gross domestic product (GDP) came (2.2%) in higher than expected (1.9%) and showed strength across the region. Japan reported exceptionally stronger second-quarter GDP on surging household consumption and business investment. Compared to the previous quarter, the Japanese economy expanded 1.0 percent, versus the median estimate for 0.6 percent growth. The S&P 500 Index declined 1.54% on Thursday (8/17) as investors questioned the probability of the President achieving his policy agenda and economic growth ambitions.

- Economic Data:** *Housing starts* declined 4.8% in July to a 1.155 million annual rate, below the consensus expected 1.220 million. *Housing starts* are down 5.6% versus a year ago. *New building permits* fell 4.1% in July to a 1.223 million annual rate, below the consensus expected 1.250 million. Compared to a year ago, *permits for single-family units* are up 13% while *permits for multi-family homes* are down 9.8%. *Retail sales* increased 0.6% in July (+1.1% including revisions to prior months), beating the consensus expected gain of 0.3%. *Retail sales* are up 4.2% versus a year ago. *Auto production* is down 4.9% versus a year ago while *non-auto manufacturing* is up 1.6%. U.S. *initial jobless claims* of 232K were lower than the consensus estimate of 240K and the previous week's 244K. *Crude oil* declined 0.63% for the week, dropping \$0.31 and closing at \$48.51 per barrel. U.S. rig count dropped the most in seven months and U.S. crude oil inventory posted the sharpest decline in 11 months.
- Equity:** *The S&P 500 Index* had another down week returning -0.58% following the previous week's decline, the second worst week of 2017. With *U.S. large-cap* stocks near all-time highs, stocks aren't inexpensive, but price-to-earnings ratios have been above average for several years.
- Fixed Income:** *Treasuries* sold off early in the week as geopolitical concerns abated and retail sales came in better than expected. Fed Chairwoman, Janet Yellen, told the Senate Banking Committee in July, "The rate probably remains prudent to continue on a gradual path of rate increases."
- Earnings:** In the U.S., the second-quarter *corporate earnings* rose 10.2% year-over-year. This is the second consecutive quarter of double-digit growth, the first time this has occurred since 2014. For *S&P 500 companies* in Q2, they generated more than half of their sales outside of the United States, revenue growth averaged 6% and earnings growth averaged 14%.
- Political and Policy News:** Korea tensions ease slightly as U.S. officials play down war risks.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Aggr Bond	-0.03%	2.22%	6.72%
Barclays Global Aggr Bond	0.07%	0.92%	3.21%
Barclays US Corp High Yield	0.02%	0.41%	5.36%
JPM Emerging Mkts Bond	0.51%	1.38%	7.66%
S&P Equity 500	-0.58%	0.38%	9.76%
Russell 3000 All Cap	-0.62%	-0.11%	8.82%
Russell 2000 Small Cap	-1.17%	-3.94%	0.85%
NASDAQ Composite	-0.58%	1.41%	16.33%
S&P Global BMI	-0.10%	1.35%	13.26%
MSCI EAFE	0.07%	2.04%	16.13%
MSCI EAFE Small Cap	0.28%	3.28%	20.55%
MSCI Emerging Markets	1.63%	5.41%	24.84%

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