WEEKLY MARKET WRAP

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Positive U.S. economic data and earnings sent the S&P 500 to a new record high despite escalating trade tensions. Investors shrugged off early-week losses following tense U.S.-China trade talks, which in turn prompted a second wave of U.S. tariffs on Chinese goods worth $16 Billion. China immediately retaliated in kind. Global equity rallied, led by emerging markets. The U.S. Treasury yield curve continues to flatten and the yield difference between 10-year and 2-year Treasuries fell below 19 basis points, the lowest since June 2007. Both broad domestic and non-U.S. fixed income indices posted positive weekly returns.

- **Economic Data:** *Existing home sales* continued to struggle in July, falling for the fourth month in a row as a lack of supply continues to hold down activity. The decline was 0.7% in July to a 5.34 million annual rate, below the consensus expected 5.40 million. Sales are down 1.5% versus a year ago. *New single-family home sales* declined 1.7% in July to a 627,000 annual rate, below the consensus expected 645,000. Despite recent declines, sales are up a healthy 12.8% year over year. *New orders for durable goods* declined 1.7% in July, lagging the consensus expected decline of 1.0%. *New Orders* are up 9.2% from a year ago while *New Orders excluding transportation* are up 8.0%. At the August Federal Open Market Committee meeting, the Fed signaled readiness to hike in September should the U.S. economy stay on track.
- **Equity:** Positive U.S. economic data and earnings sent the S&P 500 to a new record high despite escalating trade tensions. Investors shrugged off early-week losses following tense U.S.-China trade talks, which in turn prompted a second wave of U.S. tariffs on Chinese goods worth $16 Billion. China immediately retaliated in kind. The best performing sectors were energy and consumer discretionary, while the worst performers were utilities and consumer staple.
- **Fixed Income:** the U.S. Treasury yield curve flattened further, as short rates increased slightly and intermediate and long rates declined. The yield difference between 10-year and 2-year Treasuries fell below 19 basis points, the lowest since June 2007. Comments from Federal Reserve (Fed) officials appeared to support continued gradual interest rate increases, with the next hike expected in September. All taxable fixed income sectors delivered positive total returns. High yield corporate bonds recorded their eighth consecutive week of positive returns. Both broad domestic and non-U.S. fixed income indices posted positive returns.

Index/Portfolio Returns	**% Change Week**	**% Change QTD**	**% Change YTD**
Barclays US Agg Bond TR	0.26%	0.79%	-0.84%
Barclays US Corp High Yield TR	0.36%	1.76%	1.92%
Barclays Global Aggregate TR	0.55%	-0.07%	-1.53%
JPM EMBI Global TR	0.36%	0.79%	-4.48%
S&P 500 TR	0.88%	6.06%	8.87%
Russell 3000 TR	1.05%	5.91%	9.32%
Russell 2000 TR	1.94%	5.18%	13.24%
NASDAQ Composite TR	1.67%	5.98%	15.91%
S&P Global BMI NR	1.36%	2.92%	2.66%
MSCI EAFE NR	1.56%	0.20%	-2.55%
MSCI EAFE Small Cap NR	2.08%	-1.22%	-2.53%
MSCI Europe NR	2.57%	0.77%	-2.49%
MSCI EM NR	2.70%	-1.16%	-7.73%

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