

# Weekly Market Update



## General Market News

- On Monday morning, the 10-, 30-, and 2-year Treasuries opened at 2.81 percent, 2.96 percent, and 2.62 percent, respectively. The spread between the 2- and 10-year notes is again at its flattest level in this economic cycle. Historically, an inverted yield curve—where rates on the short end are higher than on the long end—has been a very strong indicator of an economic recession. We seem to be getting much closer to an inversion as we head into fall. Usually, once the curve inverts, a recession occurs within the following 12 to 18 months.
- U.S. markets moved higher last week, ignoring domestic political concerns and a midweek trade discussion between the U.S. and China. The energy and technology sectors helped fuel the uptick. A move in oil was supported by a 4.3-percent increase in West Texas Intermediate crude, which bounced back after dropping for six of the previous seven weeks. Sector laggards for the week included consumer staples, utilities, and REITs.
- Last week also saw the release of a handful of important economic data points. On Wednesday, existing home sales disappointed, declining 0.7 percent against expectations for a modest 0.4-percent increase. On Thursday, new home sales also came in below expectations, falling 1.7 percent, against expectations for a 2.2-percent uptick. Given climbing home prices, low supply, and rising interest rates, a slowdown in housing growth may be in the cards.
- On Friday, durable goods orders for July came in below expectations, down 1.7 percent. The drop follows several months of robust growth, so this result is not a cause for concern.
- Finally, also on Friday, Federal Reserve (Fed) Chair Jerome Powell made his first speech at the annual Jackson Hole Economic Policy Symposium. Many interpreted his remarks to be slightly dovish, suggesting that the Fed would continue its gradual path of rate hikes.

## Market Index Performance Data

### EQUITIES

Index	Week-to-Date %	Month-to-Date %	Year-to-Date %	12-Month %
S&P 500	0.88	2.26	8.87	20.15
Nasdaq Composite	1.67	3.71	15.92	28.07
DJIA	0.51	1.75	5.90	21.09
MSCI EAFE	1.57	-2.18	-2.15	5.29
MSCI Emerging Markets	2.71	-3.27	-7.55	-0.36
Russell 2000	1.94	3.37	13.24	27.20

Source: Bloomberg

### FIXED INCOME

Index	Month-to-Date %	Year-to-Date %	12-Month %
U.S. Broad Market	0.76	-0.84	-0.69
U.S. Treasury	0.86	-0.64	-1.20
U.S. Mortgages	0.67	-0.39	-0.27
Municipal Bond	0.29	0.29	0.66

Source: Morningstar Direct



## What to Look Forward To

On Tuesday, the Conference Board Consumer Confidence Index is expected to decline slightly due primarily to rising inflation concerns. Wage growth has been relatively muted over the past year, so the increase in consumer

inflation we've experienced in the past few months is starting to be felt. Nevertheless, consumer confidence should remain near recent highs, as the overall strength of the economy continues to inspire confidence.

**What to Look Forward To (continued)**

On Thursday, July's personal income and spending data is set for release. Both are expected to grow 0.4 percent, which is in line with June's growth levels. Strong

growth in these measures to start the third quarter would be a good sign for overall economic growth for the second half of the year.

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