

The Market Week in Review

For Week Ending July 23, 2016

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THE MARKETS

It was relatively quiet on Wall Street this past week, the CBOE's volatility index ("the VIX") fell below 12, which is the lowest it's been in over a year and suggestive that market participants have become complacent. All four of the major indexes finished the week in the black, as the S&P 500 capped off a fourth week of gains with a fresh all-time high of 2,175. Interest rates seemed to hit resistance at 1.60 percent on the 10 Year Treasury Note, that ended the week just shy of that level at 1.57 percent. Oil prices softened as the dollar gained strength and WTI Crude closed the week at \$44.25 per barrel.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	18,516.55	18,570.85	54.30	0.29%	6.58%
Nasdaq	5,029.59	5,100.16	70.57	1.40%	1.85%
S&P 500	2,161.74	2,175.03	13.29	0.61%	6.41%
Russell 2000	1,205.31	1,212.89	7.58	0.63%	6.78%

DAILY DEVELOPMENTS

MONDAY

The National Association of Home Builders/Wells Fargo released its Housing Market Index on Monday. The NAHB builder confidence index fell a point to a reading of 59 in July versus an expected increase to 61. The current single-family sales index slipped a point to a reading of 63, while the future sales index dropped three points to 66 and the index of prospective buyer traffic dipped one point to 45. "For the past six months, builder confidence has remained in a relatively narrow positive range that is consistent with the ongoing gradual housing recovery that is underway," NAHB Chairman Ed Brady said in the report.

TUESDAY

U.S. housing starts jumped by 4.8 percent to a seasonally adjusted annual pace of 1.19 million units, the Commerce Department said on Tuesday. Groundbreaking on single-family homes, the largest segment of the market, surged 4.4 percent to a 778,000-unit pace in June. Single-family starts rose in all four regions, jumping by 31.6 percent in the Northeast and 7.3 percent in the Midwest. Building permits issued nationwide increased 1.5 percent to a 1.15 million-unit rate last month.

WEDNESDAY

There were no major economic announcements on Wednesday.

THURSDAY

Initial claims for state unemployment benefits slipped 1,000 to a seasonally adjusted 253,000 for the week ended July 16th, the Labor Department said on Thursday. The decline brought new claim filings near the 43 year low of 248,000 recorded in mid-April. The four week moving average of initial claims fell 1,250 to 257,750 last week. The number of people still receiving benefits after an initial week of aid decreased 25,000 to 2.13 million in the week ended July 9th, while the four week average of the so-called continuing claims declined 2,750 to 2.14 million. The economy added 287,000 jobs in June, the largest increase so far this year.

The National Association of Realtors said Thursday that sales of existing homes rose 1.1 percent last month to a seasonally adjusted annual rate of 5.57 million, the best performance since February 2007. The median home sales price was \$247,700 in June, up 4.8 percent from a year ago. The increase has been driven, at least in part, by a shortage of homes for sale. The number of listings has fallen 5.8 percent from a year ago to 2.12 million. First-timers comprised 33 percent of June sales, their highest share of the market in four years.

FRIDAY

Market research group Markit announced Friday that its flash manufacturing purchasing managers' index (PMI) rose to 52.9 in July from the prior month's final reading of 51.3. Reading above 50.0 indicate expansion, below that suggest contraction. Orders were the strongest they've been in nine months, and output and employment were also positive. Negatives were reported to be the energy sector and additional uncertainty surrounding the presidential election.

TIDBITS

The International Monetary Fund cut its global economic growth projections by one-tenth of a percentage point to 3.1% this year and 3.4% next year to reflect the likely consequences of the UK's surprise decision to withdraw from the EU.

QUOTE OF THE WEEK

Here is part of the tradeoff with diversification. You must be diversified enough to survive bad times or bad luck so that skill and good process can have the chance to pay off over the long term.

– Howard Marks

I hope you have found the information in this week's market summary informative. If you would like to comment on any of the information found in this week's Market Commentary please e-mail me at awillms@estatecounselors.com. If you would like to discuss how current market conditions could impact your investments, please feel free to call me at the number listed below.

Best regards,

Andy

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