

The Market Week in Review

For Week Ending July 15, 2017

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THE MARKETS

The Dow, S&P, and Russell 2000 all pushed to a record close for the week on the heels of weak inflation data and an upbeat outlook on second quarter earnings season. This, despite some modest volatility earlier in the week caused by the Trump Jr. email scandal. After reaching a two-month high, interest rates eased eight basis points to 2.32% as measured by the 10 Year Treasury Note. Crude oil rose 5.2% to \$46.54 as global appetite increased for the commodity. Gold also bounced back to \$1,230 an ounce after nearly breaching the \$1,200 level last week.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	21,414.34	21,637.74	223.40	1.04%	9.49%
Nasdaq	6,153.08	6,312.47	159.39	2.59%	17.26%
S&P 500	2,425.18	2,459.27	34.09	1.41%	9.85%
Russell 2000	1,415.84	1,428.82	12.98	0.92%	5.28%

DAILY DEVELOPMENTS

MONDAY

There was no major economic news on Monday.

TUESDAY

The Labor Department's JOLTS report showed job openings fell 5% in May while hiring spiked 8.3%. The quits rate, something which indicates workers are confident in leaving their current job for a higher paying one, rose a tenth to 2.2%.

The NFIB Small Business Optimism Index fell 0.9 points to 103.6 in June, reflecting disappointment over the political gridlock in the Senate on the healthcare reform bill. Only four of the index's five components registered a gain. Expectations led the decline, although they are still optimistic at 33.

WEDNESDAY

The Fed's Beige Book for the month of June indicated wages rose modestly and economic growth was described as "slight-to-moderate". Consumer spending continued to rise in most districts, but at a slower pace than previous months. Language used in this report suggests this may be the weakest Beige Book so far this year. However, there are still indications that qualified workers are in short supply and the labor market is continuing to tighten.

THURSDAY

Initial jobless claims rose only 1,000 for the week of July 8th to 247,000, according to the Labor Department. The four week average rose 2,250 to 245,750. Continuing claims, for which the data lags a week, fell 20,000 to 1.95 million which brought the four week average up slightly to 1.95 million.

Producer prices for final demand rose 0.1% in June, indicating a weak inflationary environment, and the reading was the same when removing the volatile food and energy components. The one year rise stands at 2.0%, which is a 4 tenth decline from the prior month. Service prices again were a standout in the report, although they only rose 2 tenths this month.

FRIDAY

The Consumer Price Index was flat in June, with the core index, which strips out food and energy, gaining only a tenth of a percent for the third consecutive month. The Bureau of Labor Statistics report cited weakness in transportation and apparel while medical care picked up with a 0.4% gain, perhaps due to a 1.0% rebound in prescription drug prices. The one year increase in prices is 1.6%; short of the Fed's 2.0% target.

The Commerce Department reported weak retail sales in June, slipping 0.2% versus an expected 0.1% increase. The prior month was revised two tenths higher to -0.1%. Declines were seen in food and beverage stores, department stores, and restaurants. The weakness extended to vehicle sales, furniture and electronics, and appliances which all saw only modest increases.

Industrial production rose 0.4% in June, according to the Fed's monthly index. Mining jumped for a third month and manufacturing rose 0.2%. The

tech component contributed 0.8% while both consumer goods and business equipment came in flat. Construction supplies were down slightly.

TIDBITS

JP Morgan Chase CEO, Jamie Dimon, lashed out with frustration over the federal government's dysfunction on his company's earnings conference call this week. He stated in response to an analyst's question, "It's almost an embarrassment being an American citizen traveling around the world and listening to the stupid shit we have to deal with in this country."

QUOTE OF THE WEEK

"An asset allocation is like a wet bar of soap - the more frequently you touch it, the more rapidly it disappears."
- William Bernstein

We 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 Week in Review please email us at firm@estatecounselors.com. If you would like to discuss how current market conditions could impact your investments, please feel free to call us at the number listed below.

Best regards,

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