

## THE WEEK IN REVIEW

Earnings season is in full swing, with 226 members of the S&P 500 having reported as of Thursday. Of those who have reported, 73% exceeded top-line estimates and 89% beat earnings estimates. Earnings optimism led both the S&P 500 and Dow Jones higher this week, returning 0.6% and 1.6% respectively. The technology-heavy NASDAQ finished the week lower, as negative quarterly results from Facebook Inc. dragged on the index despite positive reports from other 'FAANG' constituents Alphabet Inc. and Amazon.com Inc. Facebook shares sold off nearly 20% on Thursday after reporting decelerating revenue growth. The social media network suffered the largest one-day loss in market cap in U.S. stock market history, shedding \$119 billion in value.

The U.S. economy grew at an annualized rate of 4.1% in the second quarter, marking the fastest economic expansion in nearly four years, according to the Commerce Department. This was the strongest growth rate since the third quarter of 2014 (+4.9%) and marked the third-best growth rate since the Great Recession. In addition to the rise in consumer and business spending, increases in exports and government spending were also strong. Personal consumption expenditures rose 4.0% while business investment grew 7.3%, and federal government outlays increased by 3.5%. Exports rose in part as farmers rushed to get soybeans to China ahead of expected retaliatory tariffs scheduled to take effect in the coming days.

Sales of new U.S. single-family homes fell to an eight-month low in June, and data for the prior month was revised sharply lower, the latest indications that the housing market may be slowing down. According to the Commerce Department, new home sales decreased 5.3% to a seasonally adjusted annual rate of 631,000 units last month, the lowest since October 2017. May's sales pace was revised down to 666,000 units from the previously reported 689,000. Existing-home sales also slipped 0.6% in June from the previous month to a seasonally adjusted annual rate of 5.38 million, according to the National Association of Realtors. Compared with a year earlier, sales in June declined 2.2%. Home sales have now declined on an annual basis in five of the first six months this year, a worrying trend since housing is considered a crucial indicator of overall economic health.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Existing Home Sales (Millions Annualized)	5.38	5.60	▼
New Home Sales (Thousands Annualized)	631	672	▼
Durable Goods Orders	1.0%	2.7%	▼
GDP (QoQ Annualized)	4.1%	2.2%	▲
U. of Mich. Consumer Sentiment	97.9	98.8	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	25451.06	1.57%	2.96%	16.77%
NASDAQ	7737.42	-1.06%	12.08%	21.23%
S&P 500 Large Cap	2818.82	0.61%	5.43%	13.87%
MSCI EAFE	2002.30	0.86%	-2.36%	3.40%
Barclays Aggregate US	2011.05	-0.26%	-1.73%	-0.80%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	1.98%	1.97%	1.92%	1.09%
10-Year Treasury	2.95%	2.89%	2.83%	2.31%

REPORTS DUE NEXT WEEK	LATEST
Personal Income (YoY)	4.0%
Personal Spending (YoY)	4.6%
Core PCE Price Index (YoY)	2.0%
Non-Farm Payrolls	213,000
Unemployment Rate	4.0%

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.