



THE WEEK IN REVIEW

The S&P 500 Index and Dow Jones Industrial Average reached all-time highs this week helped by less stringent tariffs than were expected on an additional \$200 billion of Chinese imports. The Trump Administration announced it would impose a 10% levy on the next batch of Chinese imports which had previously been targeted for a 20% tariff. The S&P 500 Index posted a weekly advance for the fifth time in the last six weeks and has climbed 7.8% since June 30. Fixed income markets came under some pressure this week, as the yield on the benchmark 10-year U.S. Treasury bond climbed 0.06% to 3.06%. Sorely needed positive sentiment emerged in international equities, helping drive the MSCI Emerging Market Index to a 3.0% weekly gain.

Traditionally cyclical sectors including energy, financials, materials and industrials were the market leaders this week. Construction equipment giant Caterpillar Inc. and industrial conglomerate 3M Company were the top performing stocks in the thirty-stock Dow. Financial sector stocks benefitted from rising yields in the U.S. Treasury bond market, as investors anticipated better lending margins for banks.

U.S. homebuilding increased more than expected in August, a positive sign for the housing market which has underperformed the broader economy amid rising interest rates for home loans. Housing starts rose 9.2% to a seasonally adjusted annual rate of 1.282 million units in August, according to the Commerce Department. Sales of existing U.S. homes remained unchanged last month but inventory increased for the first time in three years. The National Association of Realtors announced that existing home sales were unchanged at a seasonally adjusted annual rate of 5.34 million units in August. This follows four straight months of monthly declines as a lack of properties for sale has pushed up prices, sidelining many would-be homeowners.

Looking forward to next week, the Fed's policy rate decision-making body will have its September meeting and interest rate decision. The Fed funds futures market assigns nearly a 100% probability of a quarter point rate hike to a range of 2.00% to 2.25%. Investors will also get an update on some important sentiment data with the Conference Board's September Consumer Confidence reading.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Housing Starts (Millions Annualized)	1.28	1.33	▼
Existing Home Sales (Millions Annualized)	5.34	5.41	▼
Leading Economic Indicators (YoY%)	6.4%	6.0%	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	26743.50	2.25%	8.19%	19.61%
NASDAQ	7986.96	-0.29%	15.70%	24.36%
S&P 500 Large Cap	2929.54	0.85%	9.57%	17.15%
MSCI EAFE	1981.81	2.21%	-3.36%	0.64%
Barclays Aggregate US	2008.66	-0.34%	-1.84%	-1.47%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.17%	2.14%	2.06%	1.03%
10-Year Treasury	3.06%	3.00%	2.83%	2.28%

REPORTS DUE NEXT WEEK	LATEST
Conf. Board Consumer Confidence	133.4
New Home Sales (Thousands Annualized)	627
Durable Goods Orders	-1.7%

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