

THE WEEK IN REVIEW

The S&P 500 index reached a new record close Thursday, surpassing its previous closing high of 2,945.83 on April 30. The latest equity market rally began early in the week in response to renewed hopes for a trade deal following President Trump's announcement that he will meet with Chinese President Xi Jinping at the G-20 meeting next week. The market received further support from the Federal Reserve's indication that it is open to the possibility of an interest rate cut this year. The energy and technology sectors led the S&P 500 Index higher with weekly gains of 5.2% and 3.3%, respectively. A sharp rise in oil prices was a catalyst for energy stocks while the technology sector was supported by improved trade sentiment and better-than-expected earnings results from Adobe (ADBE) and Oracle (ORCL).

The Federal Reserve's committee for monetary policy decisions voted 9-1 to leave short-term interest rates unchanged at their June meeting. The lone dissenter, St. Louis Fed President James Bullard, voted for a rate cut to "provide insurance" against downside risks. Comments from Fed Chairman Jerome Powell suggested the Fed is ready to cut rates if the economic outlook weakens. Fed policymakers are close to evenly split on the path of rates this year with eight of the 17 officials forecasting a reduction in rates while another eight officials expect no change, and one sees a rate hike. This is a material change from their March meeting where no officials were forecasting a rate cut. Fed funds futures show investors are forecasting three 0.25% rate cuts this year.

In commodities markets, building tensions between the U.S. and Iran propelled West Texas Intermediate crude oil to a weekly gain of nearly 10%. Early in the week, stress emerged following U.S. accusations of Iranian attacks on several oil tankers near the Strait of Hormuz connecting the Persian Gulf and Gulf of Oman. As roughly 20% of daily global oil volumes flow through this high-profile chokepoint, any protracted military standoff could cause a significant disruption of global oil supplies and subsequent upward price pressure. Later in the week, a high-altitude U.S. military drone was shot down by Iranian forces in the region. On Friday, President Trump told reporters that he reconsidered retaliatory airstrikes against Iranian forces given his expectation that U.S. strikes would be disproportionate.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Existing Home Sales (Millions Annualized)	5.34	5.48	▼
Housing Starts (Millions Annualized)	1.27	1.15	▲
Leading Economic Indicators	0.0%	0.2%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	26719.13	2.41%	14.54%	9.23%
NASDAQ	8031.71	3.01%	21.05%	4.13%
S&P 500 Large Cap	2950.58	2.20%	17.70%	7.30%
MSCI EAFE	1918.39	2.58%	11.54%	-2.32%
Barclays Aggregate US	2169.03	0.75%	5.98%	8.08%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	2.10%	2.37%	1.93%
10-Year Treasury	2.06%	2.43%	2.90%

REPORTS DUE NEXT WEEK	LATEST
S&P CoreLogic Case-Shiller U.S. HPI (YOY)	3.7%
New Home Sales (Thousands Annualized)	673.0
Conf. Board Consumer Confidence	134.1
Core PCE Price Index (YoY)	1.6%
U. of Mich. Consumer Sentiment	97.9

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