

## THE WEEK IN REVIEW

The U.S. stock market continued to tumble early this week from escalated concerns over the U.S.-China trade war as the S&P 500 fell 3.0% on Monday. The remainder of the week all three major U.S. equity averages recouped Monday's decline to close out the week with only modest losses. In the bond market, the 10-year U.S. Treasury yield continued to dive from last week's close of 1.84% to near 1.60% Wednesday afternoon before ending the week near 1.70%. This marks its lowest yield since 2016.

On Monday evening, the Trump administration announced it would officially label China a currency manipulator, once again escalating the trade war between Washington and Beijing. The Chinese yuan has been falling in value against the dollar, and on Monday dropped past the psychologically significant value of seven yuan to the dollar for the first time in over a decade. On Friday, President Trump said that the next round of trade negotiations may not happen, casting doubt on hopes that the two sides could dodge sweeping escalations set to take place in September.

The U.S. services sector expansion unexpectedly slowed considerably in July as the ISM non-manufacturing index's reading of 53.7 marked a three-year low and was below consensus expectations. Market commentators and analysts expect the services sector to experience continued slowness in August, given the data for the July report came in prior to President Trump's threatened 10% tariffs on an additional \$300 billion in Chinese imports.

U.S. consumer debt rose less than forecast in June as Americans whittled away at their credit card balances following a big bump in the previous month. Total consumer credit rose \$14.6 billion, the lowest advance in three months, and missed the median estimate of economists after a revised \$17.8 billion increase in May, according to Federal Reserve data. June's advance was entirely due to the largest increase in non-revolving credit this year. Auto and student loans rose by \$14.7 billion, which was the largest gain since December. Borrowing on credit cards fell by \$80.5 million following a gain of \$7.5 billion in May. This was the third monthly decline in the credit card category since the end of 2018.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
ISM Non-Manufacturing	53.7	55.5	▼
Consumer Credit (\$ Billion)	14.6	9.9	▲
Initial Jobless Claims (Thousands)	209	228	▼
PPI Final Demand (YoY)	1.7%	2.2%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	26287.44	-0.75%	12.69%	3.05%
NASDAQ	7959.14	-0.56%	19.95%	0.85%
S&P 500	2918.65	-0.46%	16.43%	2.28%
MSCI EAFE	1846.36	-0.94%	7.35%	-7.09%
Bbg Barclays Aggregate US	2206.93	0.65%	7.83%	9.40%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	1.99%	2.24%	2.04%
10-Year Treasury	1.74%	2.06%	2.93%

REPORTS DUE NEXT WEEK	LATEST
Core Consumer Price Index (YoY)	2.1%
Retail Sales (Less Autos YoY)	3.4%
U. of Mich. Consumer Sentiment	98.4

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