

THE WEEK IN REVIEW

Investors spent a good part of this week digesting last Friday's better-than-expected June payrolls report and Federal Reserve Chair Jerome Powell's congressional testimony. On its way to a 0.8% weekly gain, the S&P 500 eclipsed 3,000 for parts of Wednesday and Thursday before closing at an all-time high of 3013.77 on Friday. Cyclical areas of the market including the energy, consumer discretionary, and technology sectors were among the best performing sectors on the week. Meanwhile, led by healthcare giant UnitedHealth Group's 7.7% weekly gain, the blue chip Dow Jones Industrials Average advanced over 1.0% to close above 27,000 for the first time ever on Thursday. Many healthcare stocks were given a boost by the Trump Administration's announcement that it would not pursue a plan to eliminate rebates paid by insurers to pharmacy benefit managers and other healthcare supply chain participants.

Bond markets recalibrated, as yields on the benchmark U.S. 10-year Treasury bond climbed 0.09% to 2.12%. The closely watched spread between yields on 2-year and 10-year U.S. government bonds, commonly known as the yield curve, widened by 0.10% to 0.27% this week. U.S. crude oil prices pushed above \$60 per barrel in anticipation of disruption from Tropical Storm Barry in the Gulf of Mexico.

Speaking Wednesday on Capitol Hill, Fed Chairman Jerome Powell signaled the central bank is willing to cut interest rates later this month to protect the U.S. economy against the risks of weakening global growth and trade uncertainty. Powell noted that business investment across the U.S. has slowed recently as uncertainty over the economic outlook lingers. Fed fund futures markets now project a 100% chance of a 0.25% rate cut and a 20% chance of a 0.50% rate cut at the FOMC's July 31 meeting.

June Core CPI rose 0.3%, the largest monthly gain in nearly 18 months. The year-over-year reading increased to 2.1%. Core PPI increased 2.1% in the 12 months through June after advancing 2.3% in May. The Core Personal Consumption Expenditures Price Index (PCE) rose 1.5% year over year in May. The Fed, which has a 2% inflation target, tracks the Core PCE for monetary policy decisions.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Consumer Credit (\$ Billions)	17.1	15.5	▲
Producer Price Index (YoY)	1.7%	2.2%	▼
Core Consumer Price Index (YoY)	1.6%	1.9%	▼
JOLTS Job Openings (Millions)	7.32	7.14	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	27332.03	1.52%	17.17%	9.66%
NASDAQ	8244.15	1.01%	24.25%	5.37%
S&P 500	3013.77	0.78%	20.22%	7.70%
MSCI EAFE	1919.61	-0.65%	11.61%	-2.37%
Bbg Barclays Aggregate US	2162.29	-0.29%	5.65%	7.11%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	2.13%	2.21%	1.96%
10-Year Treasury	2.12%	2.12%	2.85%

REPORTS DUE NEXT WEEK	LATEST
U. of Mich. Consumer Sentiment	98.2
Housing Starts (Millions Annualized)	1.27
Retail Sales (Less Autos YoY)	2.1%

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