

THE WEEK IN REVIEW

The S&P 500 ended the week up 0.72% as market participants digested earnings reports, trade tensions, and central bank policy updates. The tech-heavy NASDAQ recovered to end the week up 0.96% driven by positive earnings from Apple Inc. and Amazon.com, Inc. The 10-year U.S. Treasury finished the week at 2.95%.

U.S. nonfarm payrolls increased a seasonally adjusted 157,000 in July below expectations of 190,000. The unemployment rate fell to 3.9%, down from 4% in June. Revised figures reported a net upward revision of 59,000 jobs in May and June. Economists have speculated the Toys "R" Us, Inc. closure hurt the reported figures as the category for toy and hobby stores fell by 32,000 workers. Toys "R" Us closed more than 800 stores on June 29 after filing for bankruptcy. Wage growth remained sluggish increasing 2.7% year over year. A strong labor market generally leads to faster wage growth as employers compete for a smaller supply of skilled workers. Overall, the labor market remains strong and should continue to slowly push wages higher.

The Federal Open Market Committee ("FOMC") met this week and voted unanimously to keep rates unchanged with the federal funds midpoint target at 1.875% with a range of 1.75% to 2.00%. The labor market was again described as strengthening and inflation remained near the 2% Fed target. The FOMC upgraded economic activity and household spending, describing each as "strong." The FOMC noted business investment continues to show strength. Consensus expectations remain unchanged for two more 25 basis point hikes in 2018.

The ISM Manufacturing Index slowed to 58.1 from the prior reading of 60.2 as tariff risks and high steel costs remain key concerns. The ISM Non-Manufacturing Index also slowed to 55.7 from the prior reading of 59.1. Factory orders for June remained strong at 0.7% for the month. The number was slightly below the consensus estimate of 0.9%. Year-over-year growth remains strong at 6.1%, though lower than the 7.9% reported in May. Both regional and private manufacturing remained robust.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Personal Income (YoY)	4.9%	4.3%	▲
Personal Spending (YoY)	5.1%	4.3%	▲
Core PCE Price Index (YoY)	1.9%	1.9%	-
Non-Farm Payrolls	157,000	175,000	▼
Unemployment Rate	3.9%	3.9%	-

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	25462.58	0.05%	3.01%	15.60%
NASDAQ	7812.02	0.96%	13.16%	23.21%
S&P 500 Large Cap	2839.17	0.72%	6.19%	14.85%
MSCI EAFE	1976.62	-1.73%	-3.62%	1.09%
Barclays Aggregate US	2011.59	-0.06%	-1.70%	-1.27%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.00%	1.98%	1.96%	1.07%
10-Year Treasury	2.95%	2.95%	2.83%	2.22%

REPORTS DUE NEXT WEEK	LATEST
JOLTS Job Openings (Millions)	6.638
Initial Jobless Claims (Thousands)	218
Producer Price Index (YoY)	3.4%
Consumer Price Index (YoY)	2.9%

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