

July 2016

EQUITY MARKETS

In July, U.S. stocks finally broke out of their sideways trading pattern. The S&P 500, Dow Jones Industrial Average, Russell 1000, and Russell 3000 all hit record highs. Growth outpaced value and small cap beat large cap as investors' risk appetites returned. Developed international markets rallied during the month and emerging markets continued to exhibit strength.

FIXED INCOME MARKETS

Bonds posted positive results as rates at the longer end of the curve continued to decline and credit rallied. Longer maturity bonds outperformed shorter maturity bonds. High yield and investment grade outpaced Treasuries, and all were in positive territory.

ECONOMIC DATA

Employment rebounded sharply from the prior month, assuaging fears of a slowdown. Housing was solid (existing home sales hit a post-recession high) and inflation remained subdued. Again this month, the Fed left policy rates unchanged — the fifth consecutive meeting of no change. Three scheduled meetings remain this year and the market is signaling approximately a 40% chance of an increase at one of these as reported by Bloomberg.

Event	Period	Estimate	Actual	Prior	Revised
Nonfarm Payroll	Jun	180,000	287,000	38,000	11,000
Unemployment	Jun	4.8%	4.9%	4.7%	
ISM Manufacturing	Jun	51.3	53.2	51.3	
Univ. of Mich. Sentiment	Jul (P)	93.5	89.5	93.5	
ISM Non-Manufacturing	Jun	53.3	56.5	52.9	
Retail Sales ex Auto & Gas	Jun	0.3%	0.7%	0.3%	0.2%
PPI MOM	Jun	0.3%	0.5%	0.4%	
PPI MOM ex Food & Energy	Jun	0.1%	0.4%	0.3%	
PPI YOY	Jun	0.0%	0.3%	-0.1%	
PPI YOY ex Food & Energy	Jun	1.0%	1.3%	1.2%	
CPI MOM	Jun	0.3%	0.2%	0.2%	
CPI MOM ex Food & Energy	Jun	0.2%	0.2%	0.2%	
CPI YOY	Jun	1.1%	1.0%	1.0%	
CPI YOY ex Food & Energy	Jun	2.2%	2.3%	2.2%	
Industrial Production	Jun	0.3%	0.6%	-0.4%	-0.3%
Housing Starts	Jun	1,165,000	1,189,000	1,164,000	1,135,000
Building Permits	Jun	1,150,000	1,153,000	1,138,000	1,136,000
New Home Sales	Jun	560,000	592,000	551,000	572,000
Existing Home Sales	Jun	5,480,000	5,570,000	5,530,000	5,510,000
Leading Index	Jun	0.2%	0.3%	-0.2%	
Durable Goods Orders	Jun (P)	-1.4%	-4.0%	-2.3%	-2.8%
S&P CoreLogic CS 20-City YOY	May	5.52%	5.24%	5.44%	
Personal Income	May	0.3%	0.2%	0.4%	0.5%
Personal Spending	May	0.4%	0.4%	1.1%	
GDP Annualized QOQ	2Q (A)	2.5%	1.2%	1.1%	0.8%

P = Partial, A = Advance

Source: Bloomberg

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