

Weekly Recap

Economic Calendar

Monday, August 4

Durable Goods & Factory Orders.

Tuesday, August 5

U.S. Trade Deficit, S&P/ISM Services PMIs.

Wednesday, August 6

Mortgage Activity.

Thursday, August 7

Jobless Claims, U.S. Labor Productivity/Costs, Wholesale Trade Sales/Inventories, Consumer Credit.

Friday, August 8

No Major Releases.

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Worst Weekly Performance Since April

Russell 2000 Returns to YTD Losses

Outsized losses on Friday capped the week with the worst five-day loss on the S&P 500 since April 21. This after Friday's U.S. nonfarm payrolls report rose by just 73,000, well below estimates for a 115,000 increase and follows a 258,000 net downturn revision in jobs during the prior two months. The dismal labor report stirred a 1.6% S&P 500 loss on Friday, its worst single-day loss since May 21.

For the Week...

The S&P 500 slumped 2.34%, trimming its YTD gain to 6.85%. The Dow Jones Industrial Average fell 2.92% while the tech-heavy Nasdaq Composite shed 2.16%. The small cap-focused Russell 2000 tumbled 4.16%, to turn negative on the year (-2.11%).

Rebound in GDP

Real GDP jumped 3.0% in the second quarter, exceeding economists' 2.3% consensus forecasts and more than reversing a 0.50% contraction in prior quarter. The rebound was led by a 1.4% increase in consumer spending while exports notably declined 1.8% and imports slumped 30.3%, reversing a 37.9% first quarter surge.

Weekly Sector Insights

Nine of the eleven S&P 500 sectors posted negative returns last week, with Materials (-5.40%), Consumer Discretionary (-4.54%), and Healthcare (-3.86%) falling the most. Technology (-1.40%) and Consumer Staples (-1.10%) fell the least. In year-to-date (YTD) performance, Utilities (+14.97%), Industrials (+14.42%), and Communication Services (+11.95%) are still this year's top performers, followed by Technology (+11.30%), while Consumer Discretionary (-4.87%) and Healthcare (-3.77%) remain the only sectors having negative YTD return.

Treasury Prices Rise, Yields Decline

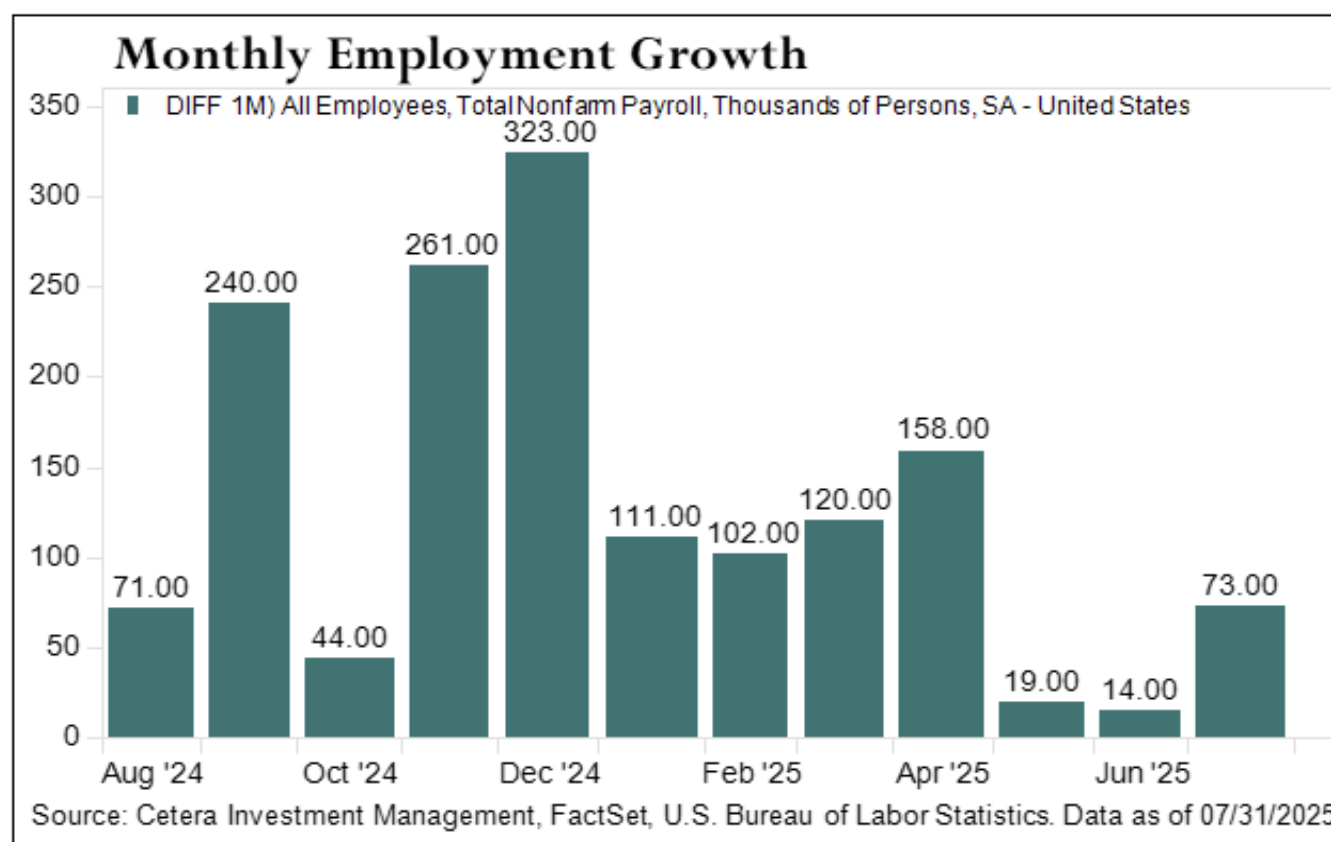
The yield on 10-year Treasury notes tumbled 0.17% last week to 4.212% as prices rose amid a flight to safety in Treasuries. The U.S. Dollar Index strengthened by 1.1% while gold futures jumped 1.9% to \$3,399.80 per ounce. U.S. WTI crude oil futures jumped 3.3% to end the week at \$67.33/barrel.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-2.92%	-1.23%	7.43%	3.43%	9.93%	12.13%
S&P 500	-2.34%	-1.60%	11.68%	6.85%	16.06%	16.57%
NASDAQ Composite	-2.16%	-2.23%	16.80%	7.33%	20.94%	19.54%
Russell 3000	-2.49%	-1.64%	11.64%	6.30%	15.52%	15.85%
Russell 2000	-4.16%	-2.03%	10.04%	-2.11%	0.47%	6.33%
MSCI EAFE	-3.13%	-0.37%	5.81%	17.33%	14.21%	13.03%
MSCI Emerging Markets	-2.47%	-1.37%	11.23%	15.91%	15.25%	9.94%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	0.95%	0.81%	1.70%	4.59%	3.79%	1.75%
Bloomberg Municipal Bonds	0.85%	0.39%	0.68%	-0.16%	0.06%	1.62%
Bloomberg US Corp High Yield	-0.16%	-0.13%	3.67%	4.90%	8.53%	7.84%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-2.67%	-0.54%	0.89%	4.48%	10.13%	-1.04%
S&P GSCI Crude Oil	3.33%	-2.79%	13.66%	-6.12%	-11.77%	-10.48%
S&P GSCI Gold	0.22%	1.53%	5.51%	28.73%	37.04%	23.87%

Source: Cetera Investment Management, FactSet. Total returns used, which includes dividends and interest.

Chart of the Week: Improving Breadth



Nonfarm payrolls increased by 73K in July, missing expectations of +115K. The prior two months were revised sharply lower by 258K, pushing payroll growth down to +19K in May and +14K in June. The unemployment rate edged higher to 4.2% from 4.1%.

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Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.