



Summary

U.S. stocks rallied on Friday and posted healthy weekly gains, ending a three-week losing streak. The Dow Jones Industrial Average rose 5.4%, the S&P 500 increased 6.4%, and the NASDAQ climbed 7.5% for the week. Last week was a very light week for economic reports. Initial unemployment claims

for the week ending June 18 decreased 2,000 to 229,000. New home sales, which are counted when contracts are signed, rose 10.7% in May but were down 5.9% on a year-over-year basis. The median sales price of a new home increased 15.0% from May 2021 to \$449,000. Existing home sales,

which are counted when contracts close, decreased 3.4% last month and were 8.6% below their May 2021 level. On a year-over-year basis, the median existing home sales price climbed 14.8%.

ECONOMIC RELEASES

Last Week: Indicator	Number Reported	Consensus Expectation*	Comment
Existing Home Sales (May – Tu 10:00)	5.41 MUAR	5.40 MUAR	-8.6% from May 2021
Initial Unemployment Claims (6/18 – Th 8:30)	229 K	230 K	4-week moving average rose 4,500 to 223,500
Continuing Claims (6/11 – Th 8:30)	1,315 K	NA	
New Home Sales (May – Fr 10:00)	696 TUAR	595 TUAR	Median sales price up 15.0% from May 2021
Michigan Sentiment (Jun – Fr 10:00)	50.0	50.2	Lowest reading on record
Upcoming Week: Indicator	Consensus Expectation*	Last Period	Comment
Durable Orders (May – Mo 8:30)	+0.1%	+0.4%	
Durable Orders ex-transportation (May – Mo 8:30)	+0.4%	+0.3%	
Real Gross Domestic Product (Qtr 1 – We 8:30)	-1.5%	-1.5%	3 rd estimate
Chain Deflator (Qtr 1 – We 8:30)	+8.1%	+8.1%	3 rd estimate
Initial Unemployment Claims (6/25 – Th 8:30)	234 K	229 K	
Continuing Claims (6/18 – Th 8:30)	NA	1,315 K	Not available
Personal Spending (May – Th 8:30)	+0.5%	+0.9%	
Personal Income (May – Th 8:30)	+0.5%	+0.4%	
PCE Prices – Core (May – Th 8:30)	+0.4%	+0.3%	
Construction Spending (May – Fr 10:00)	+0.4%	+0.2%	
ISM Manufacturing Index (May – Fr 10:00)	55.0%	56.1%	

*Sources: www.briefing.com and www.federalreserve.gov



Economic Review

NEW HOME SALES, which are counted when contracts are signed, increased 10.7% to 696 thousand units at an annualized rate (TUAR) from an upwardly revised 629 TUAR in April. From May 2021, sales were down 5.9%, however. The median sales price jumped 15.0% from May 2021 to \$449,000. At the current sales pace, it would take 7.7 months to sell the 444,000 homes for sale; a six-month supply is typically considered a balanced market. By region, sales of new homes were up 12.8% in the South and 39.3% in the West while falling 51.1% in the Northeast and 18.3% in the Midwest.

Sales of existing homes declined less than expected in May while the median sales price of an existing home climbed at a healthy pace. EXISTING HOME SALES, which are counted when contracts are closed, decreased 3.4% to 5.41 million units at an annualized rate (MUAR) from 5.60 MUAR in April. From May 2021, sales were down 8.6%. First-time buyers purchased 27% of all existing homes sold last month, down one percentage point from April and four percentage points from a year earlier. All-cash sales represented 25% of sales in May compared to 26% in April. Distressed sales accounted for less than 1% of

May sales, unchanged from April. The median sales price climbed 14.8% from May 2021 to \$407,600. At the current sales pace, it would take 2.6 months to sell the 1.16 million existing homes for sale. Sales decreased 5.3% in the Midwest, 2.8% in the South, and 5.3% in the West while rising 1.5% in the Northeast.

First-time jobless claims declined modestly last week. INITIAL UNEMPLOYMENT CLAIMS decreased 2,000 to 229,000 for the week ending June 18. The four-week moving average rose 4,500 to 223,500. CONTINUED BENEFITS increased 5,000 to 1.315 million for the week ending June 11. The four-week moving average, a better measure of underlying trends, declined 7,000 to 1,310,000.

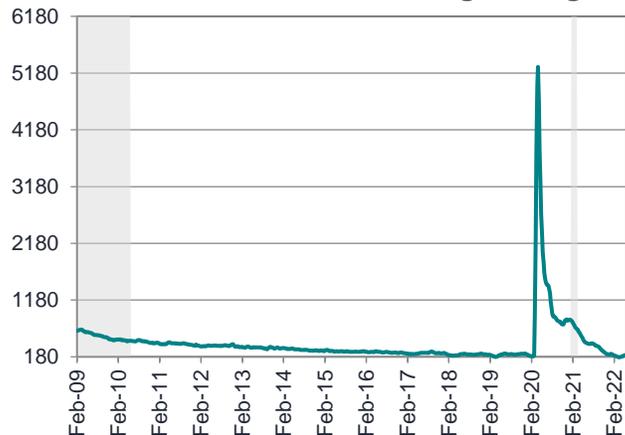
New Home Sales Thousands



Existing Home Sales Million of Units, Annualized Rate



Initial Unemployment Claims Thousands, 4-Week Moving Average





Fed Speeches

Federal Reserve Chair Jerome Powell testified before both the U.S. House of Representatives and the U.S. Senate last week. During his testimony, Chair Powell said economic activity likely picked up in the second quarter but tighter “financial conditions...should continue to temper growth.”

demand into better balance with supply.

Chair Powell went on to say that the Fed will need to continue increasing the target range for the federal funds rate for the foreseeable future as it watches for signs that inflation is easing.

“We anticipate that ongoing rate increases will be appropriate; the pace of those changes will continue to depend on the incoming data and the evolving outlook for the economy.”

Federal Reserve Chair Jerome Powell

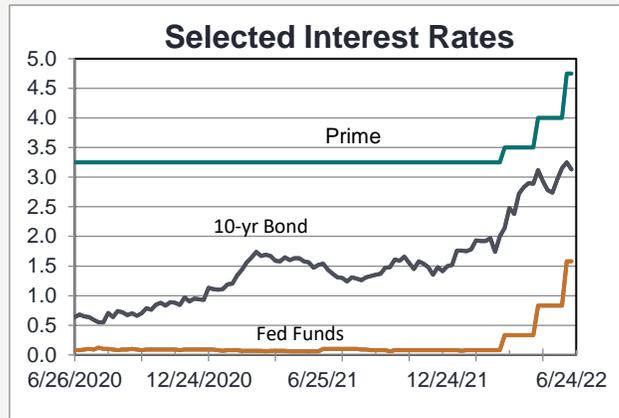
Overall economic activity edged down in the first quarter, as unusually sharp swings in inventories and net exports more than offset continued strong underlying demand. Recent indicators suggest that real gross domestic product growth has picked up this quarter, with consumption spending remaining strong. In contrast, growth in business fixed investment appears to be slowing, and activity in the housing sector looks to be softening, in part reflecting higher mortgage rates. The tightening in financial conditions that we have seen in recent months should continue to temper growth and help bring

Over coming months, we will be looking for compelling evidence that inflation is moving down, consistent with inflation returning to 2 percent. We anticipate that ongoing rate increases will be appropriate; the pace of those changes will continue to depend on the incoming data and the evolving outlook for the economy. We will make our decisions meeting by meeting, and we will continue to communicate our thinking as clearly as possible. Our overarching focus is using our tools to bring inflation back down to our 2 percent goal and to keep longer-term inflation expectations well anchored.

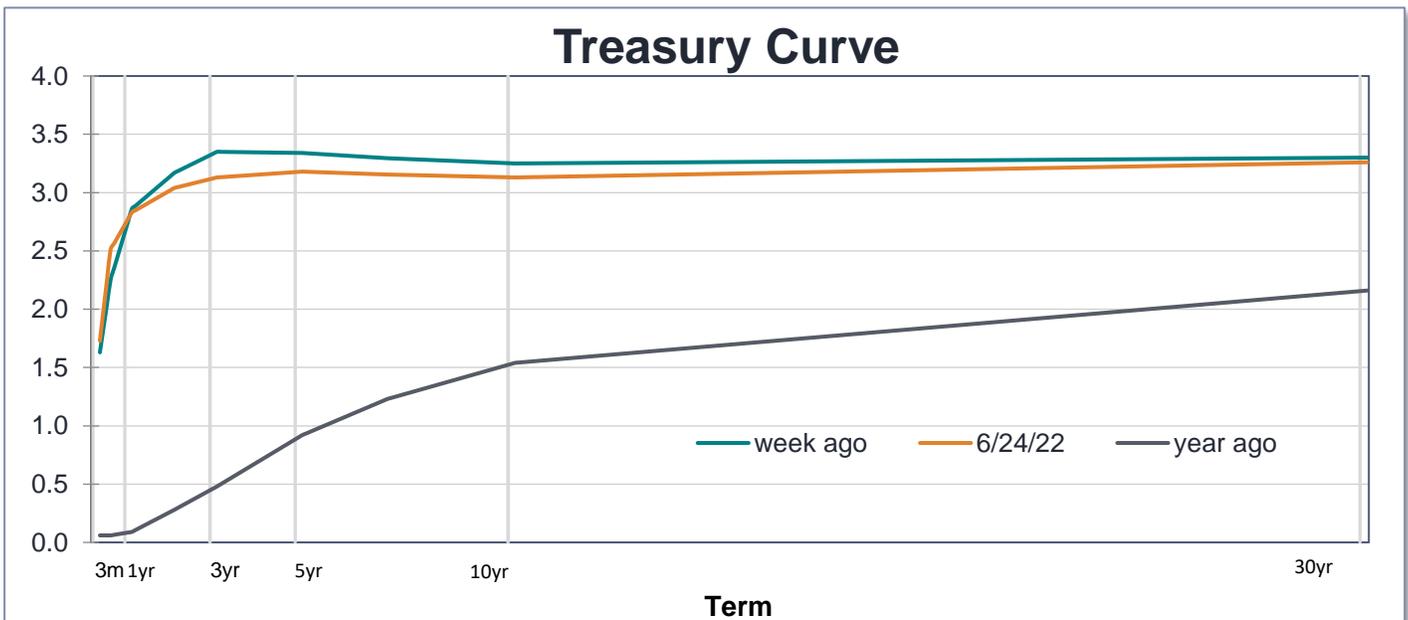
Financial Markets

U.S. stocks closed sharply higher last week with the Dow Jones Industrial Average rising 5.4%, the S&P 500 advancing 6.4%, and the NASDAQ increasing 7.5%. Treasury yields were lower across the long end of the curve with the 10-year yield falling 12 basis points (bps) to 3.13% and the 30-year yield declining 4 bps to 3.26%. Oil prices decreased 2.1% and ended the week at \$107.62 per barrel. The U.S. dollar edged up 0.2% against the Japanese yen while the euro rose 0.5% against the greenback last week.

Selected Interest Rates



Treasury Curve





Interest Rate Forecast*

The Federal Open Market Committee (FOMC) raised the federal funds rate target to 1.5% to 1.75% at the Fed's June policy meeting. In the statement released following the June meeting, the FOMC said, "Overall economic activity appears to have picked up after edging down in the first quarter. Job gains have been robust in recent months and

the unemployment rate has remained low. Inflation remains elevated, reflecting supply and demand

imbalances related to the pandemic, higher energy prices, and broader price pressures." The statement

went on to say, "...the Committee anticipates ongoing increases in the target range will be appropriate."

Avg. for:	Prime	Fed Funds	3-Mo. LIBOR	6-Mo. T-Bill	2-Yr. Note	10-Yr. Treasury	30-Yr Bond	30-Yr Mortgage
2 nd Qtr '22	3.89	0.76	0.95	1.39	2.65	2.93	3.03	5.24
3 rd Qtr	4.83	1.71	1.72	2.11	3.07	3.35	3.44	5.58
4 th Qtr	5.50	2.38	2.40	2.67	3.48	3.56	3.75	5.77
1 st Qtr '23	5.92	2.79	2.81	2.98	3.57	3.63	4.06	5.82
2 nd Qtr	6.25	3.13	3.17	3.22	3.67	3.76	4.19	5.83

*Forecast as of May 26, 2022

FINANCIAL MARKET SUMMARY

	As of 6/24/2022	As of 6/17/2022	Weekly Change	4-Week Change	13-Week Change
MONEY MARKETS (Changes in BPs)					
Prime	4.75	4.75	0	75	125
LIBOR Index Base Rate (1Month)	1.64	1.51	13	58	119
Fed Funds (Wed close)	1.58	1.58	0	75	125
TREASURIES (BE) (Changes in BPs)					
3 Months	1.73	1.63	10	65	118
6 Months	2.51	2.25	26	97	150
1 Year	2.83	2.86	(3)	82	116
2 Years	3.04	3.17	(13)	57	74
5 Years	3.18	3.34	(16)	47	63
10 Years	3.13	3.25	(12)	39	65
30 Years	3.26	3.30	(4)	29	66
MUNICIPALS- AAA G.O. & Mortgage (Changes in BPs)					
2-Year Muni	1.98	2.06	(8)	9	25
5-Year Muni	2.32	2.41	(9)	11	33
10-Year Muni	2.81	2.91	(10)	60	60
30-Year Muni	3.31	3.43	(12)	42	71
30-Year Conventional Mortgage	5.81	5.78	3	71	139
MARKET INDICATORS (Changes in %)					
DJIA	31,500.68	29,888.78	5.4	(5.2)	(9.6)
S&P 500	3,911.74	3,674.84	6.4	(5.9)	(13.9)
NASDAQ	11,607.62	10,798.35	7.5	(4.3)	(18.1)
CRB Futures	318.37	329.50	(3.4)	(6.8)	(2.6)
Oil (WTI Crude)	107.62	109.95	(2.1)	(6.5)	(4.4)
Gold	1,830.30	1,841.90	(0.6)	(1.3)	(6.4)
Yen / Dollar	135.23	134.93	0.2	6.4	10.7
Dollar / Euro	1.06	1.05	0.5	(1.6)	(3.9)



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