



Summary

U.S. stocks fell on Friday as shares of Snap Inc. tumbled on disappointing second quarter results, pulling down other social media stocks. All three major U.S. stock indexes ended the week in the green, however, with the Dow Jones Industrial Average rising 2.0%, the S&P 500 climbing 2.5%, and the NASDAQ advancing 3.3%. It was a light week for economic reports. Initial unemployment claims for the week ending July 16 increased 7,000 to 251,000, an eight-month high. Housing starts declined 2.0%

and building permits—a forward looking metric—were down 0.6% last month as activity eased in the single-family segment. On a year-over-year basis, starts fell 6.3% while building permits were 1.4% higher. Sales of existing homes—which are counted when contracts are closed—decreased 5.4% last month and were down 14.2% on a year-over-year basis. The median sales price rose 13.4% from June 2021. In more housing news, the National Association of Home Builders October

Housing Market Index, a gauge of builder confidence, tumbled 12 points to 55, a two-year low. The Conference Board's Leading Economic Index, a gauge of the outlook for the U.S. economy over the next three to six months, fell 0.8% in June after decreasing a downwardly revised 0.6% in May. The index is down 1.8% in the first half of 2022, suggesting the economy may contract toward the end of the year.

ECONOMIC RELEASES

Last Week: Indicator	Number Reported	Consensus Expectation*	Comment
NAHB Housing Market Index (Jul – Mo 10:00)	55	66	Lowest reading since June 2020
Housing Starts (Jun – Tu 8:30)	1,559 TYAR	1,598 TUAR	Second straight monthly decline
Building Permits (Jun – Tu 8:30)	1,685 TUAR	1,680 TUAR	Single-family permits down in all regions
Existing Home Sales (Jun – We 10:00)	5.12 MUAR	5.40 MUAR	-14.2% from June 2021
Initial Unemployment Claims (7/16 – Th 8:30)	251 K	240 K	4-week moving average rose 4,500 to 240,500
Continuing Claims (7/9 – Th 8:30)	1,384 K	NA	
Leading Index (Jun – Th 10:00)	-0.8%	-0.5%	Down 1.8% in the first half of 2022
Upcoming Week: Indicator	Consensus Expectation*	Last Period	Comment
New Home Sales (Jun – Tu 10:00)	670 TUAR	696 TUAR	
Durable Orders (Jun – We 8:30)	-0.5%	+0.7%	
Durable Orders ex-transportation (Jun – We 8 :30)	+0.3%	+0.7%	
Pending Home Sales (Jun – We 10:00)	-1.5%	+0.7%	
FOMC Rate Decision (Jul – We 2:00)	2.25%-2.5%	1.5%-1.75%	
Real Gross Domestic Product (Qtr 2 – Th 8:30)	+0.5%	-1.6%	
Chain Deflator (Qtr 2 – Th 8:30)	+7.1%	+8.2%	
Initial Unemployment Claims (7/16 – Th 8:30)	253 K	251 K	
Continuing Claims (7/9 – Th 8:30)	NA	1,384 K	Not available
Personal Income (Jun – Fr 8:30)	+0.5%	+0.5%	
Personal Spending (Jun – Fr 8:30)	+0.8%	+0.2%	
PCE Prices – Core (Jun – Fr 8:30)	+0.6%	+0.3%	
Michigan Sentiment (Jul – Fr 10:00)	51.1	51.1	Final reading

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



Economic Review

Housing starts and building permits—a forward-looking metric—declined last month, driven by lower activity in the single-family segment.

HOUSING STARTS fell 2.0% in June to 1,559 thousands of units at an annualized rate (TUAR). The June rate is 6.3% below the June 2021 rate of 1,664 TUAR. Starts to build single-family homes declined 8.1% while starts to build units in buildings with at least five units jumped 15.0%. By region, total starts advanced 10.6% in the Northeast and 3.7% in the West while falling 7.7% in the Midwest and 4.8% in the South. New **BUILDING PERMITS** edged down 0.6% to 1,685 TUAR but are 1.4% above the June 2021 rate of 1,661 TUAR. Permits for units in buildings with five units or more climbed 13.1% in June while permits to build single-family homes decreased 8.0%.

Sales of existing homes declined more than expected in June while the median existing home sales price increased at a healthy pace. **EXISTING HOME SALES**, which are counted when contracts are closed, fell 5.4% to 5.12 million units at an annualized rate (MUAR) from 5.41 MUAR in May. From June 2021, sales decreased 14.2%. First-time

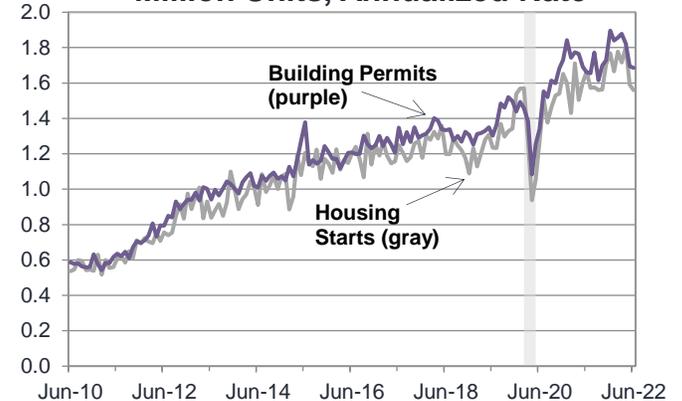
buyers purchased 30% of all existing homes sold last month, up 3 percentage point from May. All-cash sales represented 25% of sales in June, unchanged from May. Distressed sales accounted for less than 1% of June sales, unchanged from May. The median sales price advanced 13.4% from June 2021 to \$416,000. At the current sales pace, it would take 3.0 months to sell the 1.26 million existing homes for sale. Sales decreased 1.6% in the Midwest, 6.2% in the South, and 11.1% in the West while remaining unchanged in the Northeast.

INITIAL UNEMPLOYMENT CLAIMS increased to 251,000 for the week ending July 16. The four-week moving average rose 4,500 to 240,500. **CONTINUED BENEFITS** climbed 51,000 to 1,384,000 for the week ending July 9. The four-week moving average, a better measure of underlying trends, was up 13,250 to 1,353,250.

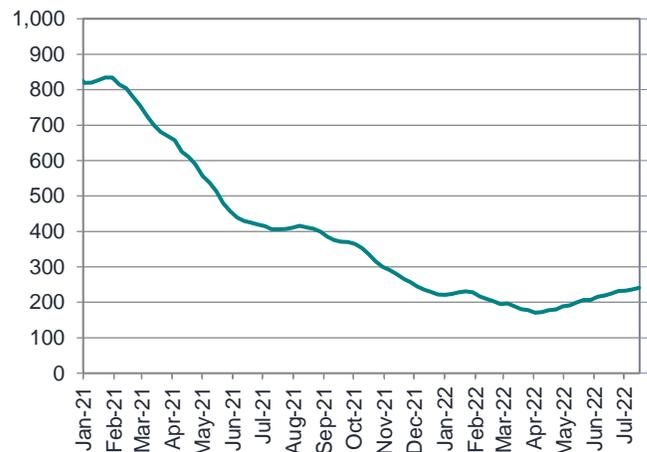
Existing Home Sales Million of Units, Annualized Rate



Total Housing Starts and Permits Million Units, Annualized Rate



Initial Unemployment Claims Thousands, 4-Week Moving Average





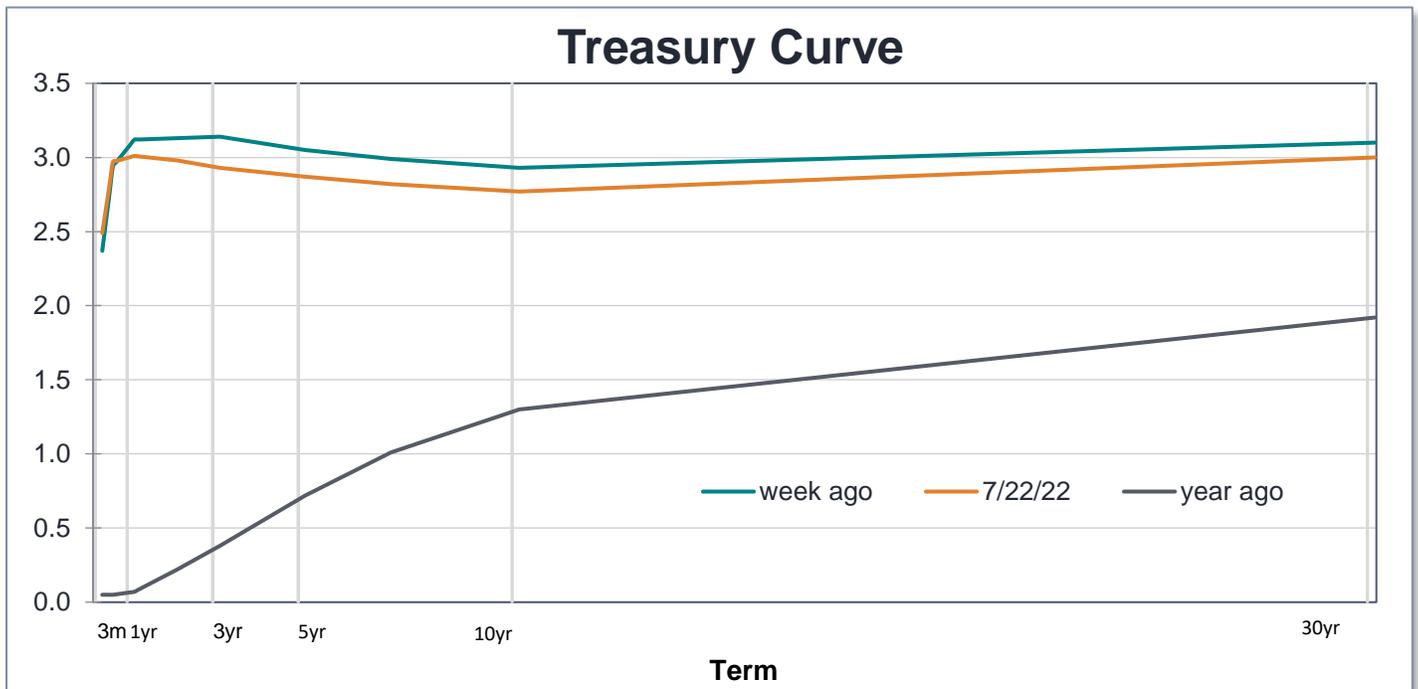
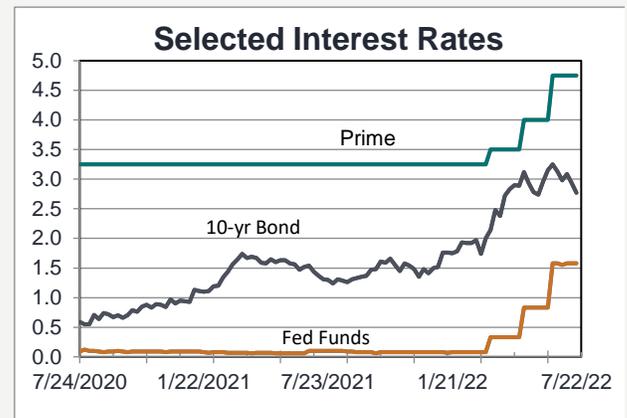
Fed Speeches

Due to this week's Federal Open Market Committee meeting, there were no speeches last week relevant to monetary policy. The central bank is expected to raise the target range for the federal funds rate by at least 75 basis

points this week as it attempts to rein in inflation.

Financial Markets

U.S. stocks climbed last week with the Dow Jones Industrial Average advancing 2.0%, the S&P 500 rising 2.5%, and the NASDAQ increasing 3.3%. Treasury yields were lower across the long end of the curve with the 10-year yield dropping 16 basis points (bps) to 2.77% and the 30-year yield falling 10 bps to 3.00%. Oil prices declined 2.9% and ended the week at \$94.66 per barrel. The U.S. dollar rose 2.1% against the Japanese yen and the euro decreased 1.2% against the greenback last week.





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	SOFR	6-Mo. T-Bill	2-Yr. Note	10-Yr. Treasury	30-Yr Bond	30-Yr Mortgage
3 rd Qtr '22	5.25	2.13	2.16	2.58	3.57	3.59	3.73	5.93
4 th Qtr	6.88	3.79	3.88	4.08	4.38	4.24	4.31	6.21
1 st Qtr '23	7.54	4.46	4.56	4.44	4.65	4.43	4.58	6.27
2 nd Qtr	7.54	4.46	4.56	4.44	4.65	4.43	4.58	6.12
3 rd Qtr	7.38	4.29	4.39	4.18	4.29	4.24	4.54	5.76

*Forecast as of June 28, 2022

FINANCIAL MARKET SUMMARY

	As of 7/22/2022	As of 7/15/2022	Weekly Change	4-Week Change	13-Week Change
MONEY MARKETS (Changes in BPs)					
Prime	4.75	4.75	0	0	125
LIBOR Index Base Rate (1Month)	2.16	1.97	19	52	154
Fed Funds (Wed close)	1.58	1.58	0	0	125
TREASURIES (BE) (Changes in BPs)					
3 Months	2.49	2.37	12	76	166
6 Months	2.97	2.94	3	46	163
1 Year	3.01	3.12	(11)	18	95
2 Years	2.98	3.13	(15)	(6)	26
5 Years	2.87	3.05	(18)	(31)	(7)
10 Years	2.77	2.93	(16)	(36)	(13)
30 Years	3.00	3.10	(10)	(26)	5
MUNICIPALS- AAA G.O. & Mortgage (Changes in BPs)					
2-Year Muni	1.71	1.75	(4)	(27)	(50)
5-Year Muni	2.01	2.06	(5)	(31)	(47)
10-Year Muni	2.45	2.51	(6)	13	(24)
30-Year Muni	3.04	3.06	(2)	(27)	0
30-Year Conventional Mortgage	5.54	5.51	3	(27)	43
MARKET INDICATORS (Changes in %)					
DJIA	31,899.29	31,288.26	2.0	1.3	(5.7)
S&P 500	3,961.63	3,863.16	2.5	1.3	(7.3)
NASDAQ	11,834.11	11,452.42	3.3	2.0	(7.8)
CRB Futures	300.29	296.40	1.3	(5.7)	(7.3)
Oil (WTI Crude)	94.66	97.44	(2.9)	(12.0)	(10.4)
Gold	1,740.10	1,704.10	2.1	(4.9)	(10.0)
Yen / Dollar	136.06	138.54	(1.8)	0.6	5.9
Dollar / Euro	1.02	1.01	1.2	(3.3)	(5.5)



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