



As of 08/25/2017

		Wk		Div Yield	YTD		12 Mos	
		Net Change	% Change		% Change	% Change		
STOCKS	Close							
DJIA	21,813.67	139.16	0.64	2.30	10.38	18.24		
S&P 500	2,443.05	17.50	0.72	2.01	9.12	12.46		
NASDAQ 100	5,822.53	31.62	0.55	1.13	19.72	21.93		
S&P MidCap 400	1,708.97	16.67	0.99	1.65	2.91	9.21		
Russell 2000	1,377.45	19.66	1.45	1.46	1.52	11.10		
TREASURIES	Yield	FOREX		Price	Wk %Change			
2-Year	1.33	Euro/Dollar		1.19	1.34			
5-Year	1.76	Dollar/Yen		109.31	0.08			
10-Year	2.17	Sterling/Dollar		1.29	-0.07			
30-Year	2.75	Dollar/Cad		1.25	-0.82			

Source: Thomson Reuters & Bloomberg

What Caught Our Eye This Week

India is the world's 3rd largest economy in terms of purchasing power parity and it has been the world's fastest growing economy. Consensus GDP growth for 2017 is estimated to be 7.1% after growing 8% last year. 2017 GDP estimates for China and the U.S are 6.7% and 2.2%. India's state banks are struggling with high levels of bad debts that are hurting their growth prospects. The banks' share of stressed loans is estimated to be above 20%. Indian companies borrowed heavily when the economy was booming (pre-2008) but when the financial crisis hit, many could not pay their loan installments. As the debt levels have increased, state banks have been less inclined to make new loans. Credit growth turned negative in the past fiscal year and it hit its lowest rate in 23 years. As a result, corporate investment as a percentage of GDP has fallen more than 7% in the past several years. A recently passed law by India's parliament gives its central bank the power to force companies into bankruptcy proceedings in the hope that loans can be restructured. This is an important step if India is to surpass the U.S. by 2050 and become the world's 2nd largest economy as estimated by PricewaterhouseCoopers.

Economy

The highlight this week was Friday's release of the monthly durable goods report. Overall durable goods orders plunged by 6.8% in July, but this decline was dominated by a 70.7% decrease in orders for civilian aircraft. When examining "core" (Non-defense, ex-aircraft) orders these figures increased by 0.4%, and shipments (Non-defense, ex-aircraft) increased by 1.0%. The government calculates business investment for GDP purposes by using shipments data. On Wednesday new home sales figures came in well below expectations dropping 9.4% in July to 571,000. Overall new home sales are down 8.9% year-over-year. The median sale price of a new home sold has increased 6.3% year-over-year to \$313,700. Existing home sales data also disappointed showing a drop of 1.3% to 5.44 million on Thursday. The median price of an existing home sold decreased to \$258,300, but over the past twelve months these prices have increased by 6.2%. Inventories for existing homes have now declined for twenty-six consecutive months. Finally weekly jobless claims increased by 2,000 to 234,000 during the week ending August 19th. The four week moving average is now at 237,750, and initial claims have now been less than 300,000 for 129 consecutive weeks.

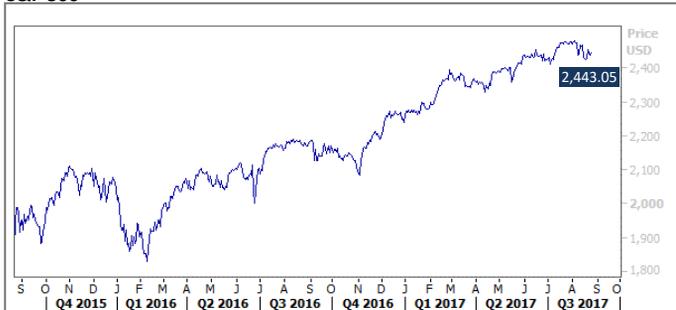
Fixed Income/Credit Market

U. S. Treasuries yields have remained in a tight range this week. Federal Reserve Chair Janet Yellen spoke today at the conference in Jackson Hole, Wyoming but did not mention monetary policy. There was some concern that she might make comments referencing the need for further tightening. The yield on the 10-year treasury note dropped slightly after the speech. The U.S. Treasury curve flattened again this week with the 2-year and 10-year spread down 5.5 basis points to 83.2. The 2-year yield increased 2.7 bps while the 10-year yield decreased 2.8 bps to end the week at approximately 1.34% and 2.17%, respectively. Next week the U. S. Treasury will auction \$26 billion of 2-year notes, \$34 billion of 5-year notes and \$28 billion of 7-year notes.

Equities

Equity markets began the week flat as turmoil in Washington continued and tensions with North Korea grew following joint military exercises between the U.S. and South Korea. On Tuesday, markets advanced nearly 1% led by gains in the technology and materials sectors. President Trump's threat to shut down the government on October 1st if Congress does not allocate funding for his proposed border wall caused stocks to sell off. Stocks continued to trade lower on Thursday following mixed earnings reports, concerns over a government shut down, and a weak existing home sales number reporting a 1.3% decline year-over-year. The market recovered following Federal Reserve Chair Janet Yellen's comments at Jackson Hole today. Oil began to rebound from its decline that began on Monday as Hurricane Harvey's strength, winds up to 110 MPH, continues to build and head for the "energy-rich" Texas coast. The S&P 500 advanced 0.72% for the week, its strongest weekly performance in over a month.

S&P 500



Our View

Chinese Government 5-Year credit default swaps are currently trading around 60 basis points, which is the lowest level since December of 2012 and is an indication that market is not worried about a hard landing in China anytime soon. Moreover, capital outflows from China, which had been in a downward trajectory from June of 2014 through January of 2017, have reversed course recently and grown approximately \$80 billion over the course of 2017. Much of the current economic momentum in China has been fueled by accommodative monetary policy along with fiscal stimulus. Policy makers in China realize that the recent pace of credit expansion cannot continue in perpetuity. Last month China's central bank released figures on the size of the shadow banking system and the results were more than double previous figures. Furthermore, President Xi Jinping has placed financial stability and prudent credit growth as priorities moving forward, which may add headwinds to Chinese GDP growth moving forward. However, with GDP currently growing at a year-over-year pace of 6.9% through the second quarter of 2017, China has a great deal of economic momentum to help it through its current transitional period.

COMING UP NEXT WEEK		Est.
08/29	Consumer Confidence	(Aug) 120.0
08/30	Real GDP Q2 Second Look	(Q2) 2.7%
08/31	Personal Consumption	(Jul) -
08/31	Personal Income	(Jul) 0.3%
09/01	ISM Manufacturing	(Aug) 56.5
09/01	Non-farm Payrolls	(Aug) 184k

For more information about our products: <http://pgbank.com>

The Weekly is a weekly market recap distributed to Private Wealth Management clients of Peapack-Gladstone Bank. Securities and mutual funds are not FDIC insured, are not obligations of or guaranteed by Peapack-Gladstone Bank, and may involve investment risk, including possible loss of principal. Information provided for educational purposes only. This should not be relied upon as tax and/or investment advice. We encourage you to consult your personal legal, tax or financial advisors for information specific to your situation. Peapack-Gladstone Bank and its logo are registered trademarks.