

Financial Market Update

Friday, February 6, 2015

THE WEEK IN REVIEW

The domestic equity markets rebounded the first week of February and are on pace for their highest close for 2015 after a lackluster first month of the year. The focus of the week domestically was the continuation of the earnings season and the anticipation of the job data released Friday morning. Overseas much of the talk centered on Greece as uncertainty about their debt situation lingers.

The much anticipated job data was released Friday morning coming in ahead of analyst expectations. Economists were predicting 229,000 jobs would be created in the month of January with the unemployment rate falling to 5.5%. The total number of jobs created came in ahead of expectations with 257,000 jobs added while the unemployment rate actually ticked slightly higher to 5.7%. Further optimism was generated when the November and December numbers were revised upward by an extra 150,000 jobs in those two months. Additionally, wages grew by 2.2% from a year ago after a year with very little wage inflation. Some of the wage growth may have come from several states raising their minimum wages to start the year.

Overseas, much of the news was occupied with the current debt situation and the risk of Greece running out of money when the bailout ends on February 28th. Greek officials have been meeting with several members of the European Union to begin the process of renegotiating the terms of their bailout plan. Thursday's meeting with German officials ended poorly with very little accomplished and both sides essentially agreeing to disagree. The only issue agreed upon from Thursday's meeting was confirming that Greece should remain a member of the European Union. Currently, Greece will need a bridge loan as they continue talks to negotiate with the country's creditors.

Domestically the focus remained on corporate earnings as several companies across every sector reported. Most notably was Gilead Scientific (GILD) announcing earnings mid-week beating analyst expectations, however, it was the comments from management driving the stock lower by almost 10% on Wednesday. The company's Hepatitis C drug is entering a price war with Abbvie (ABBV) with Gilead Scientific (GILD) saying they could see a discount of 46% to the price of their drug. Additionally, the company announced it will begin paying a dividend while at the same time entering into a \$15 billion share repurchase program.

Several companies announced earnings on Friday with shares of LinkedIn (LNKD) rising over 10% after the company reported better-than-expected fourth quarter earnings and Twitter (TWTR) rose over 15% after the company announced a 20% rise in average monthly users. GoPro (GPRO) finished down 10% after the company beat analyst expectations, but warned about future earnings and also announced the COO will be stepping down.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	17,824.29	3.84%	0.01%	14.05%
NASDAQ	4,744.40	2.35%	0.18%	16.94%
S&P 500 LargeCap	2,055.47	3.03%	-0.17%	15.90%
S&P 400 MidCap	1,476.89	2.91%	1.68%	14.06%
S&P 600 SmallCap	696.85	3.80%	0.42%	11.36%
MSCI EAFE	1,820.75	2.13%	2.58%	-0.62%
MSCI Emerging Markets	982.21	2.14%	2.71%	5.64%
Barclays Aggregate US		-0.49%	1.60%	6.08%
Bloomberg Non-US Govt Bond		-0.38%	2.12%	12.17%
Bloomberg US Treasury Index		-0.90%	2.07%	6.58%
Bloomberg High Yield Index		0.76%	1.11%	2.12%
FTSE/NAREIT All REIT Index		-1.32%	4.08%	23.12%
Bloomberg Commodity Index		1.79%	-1.61%	-19.86%

KEY BOND RATES	WEEK	1 MO AGO	1 YR AGO
3-Month T-Bill	0.02%	0.03%	0.07%
2-Year Treasury	0.65%	0.63%	0.32%
5-Year Treasury	1.49%	1.48%	1.52%
10-Year Treasury	1.96%	1.94%	2.70%
30-Year Treasury	2.53%	2.50%	3.67%
Municipal Bond Yields (10 Yr)	1.92%	1.99%	2.69%

Price return as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

UPCOMING WEEK

The biggest market moving indicators next week will take place on Thursday with the announcement of the jobless claims number along with retail sales prior to the open. Additionally, the consumer sentiment report will be released Friday morning.



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