MAINSTREET ADVISORS

# FINANCIAL MARKET UPDATE 6/12/15

## THE WEEK IN REVIEW

Job openings increased to a record high of 5.4 million in April, up from 5.1 million in March, as measured by the Job Openings and Labor Turnover Survey (JOLTS) report. The number of new hires and people leaving their jobs fell, but remained near recent highs. Given the current unemployment rate of 5.5%, there are now roughly 1.6 unemployed workers per open job, down from 1.8 when the recession began and a high of 6.7 in 2009. Additionally, jobless claims for the week ended June 6 increased only slightly to 279,000, remaining near 15-year lows.

After a meager 0.2% rise in March, retail sales jumped 1.2% in April for the third straight monthly gain. While auto dealers and gasoline stations posted the strongest sales, most categories showed growth for the month with the exception of health and personal care stores, which fell a modest 0.3%. Excluding auto sales and gasoline stations, retail sales were still up 0.7%, supporting the widely held belief the economy would rebound in the spring following a particularly brutal winter.

U.S. producer prices recorded their biggest increase in more than 2 1/2 years last month as the cost of gasoline and food rose, suggesting that an oil-driven downward drift in prices was nearing an end. According to the Labor Department, the PPI index for final demand rose 0.5% in May, the largest gain since September 2012. While rising oil prices have eased some of the downward pressure on inflation, the upward trend in producer prices is expected to be gradual due to the dollar's strength.

Greece debt talks continued this week, however, in a dramatic turn, the IMF announced its delegation had left talks in Brussels on Thursday due to major differences. Greece is set to default on a 1.6 billion euro ($1.8 billion) payment to the IMF at the end of the month if no deal is reached. Failure to reach an agreement could trigger capital controls and send reverberations throughout the financial markets and the European economy. Also announced this week, Standard & Poor’s Ratings Service downgraded Greece’s credit rating to triple-C, reflecting the concern that, without an agreement with its creditors, the government is likely to default on its commercial debt within the next 12 months. The rating firm stated that Greece’s delay of payment to the IMF suggests the government is prioritizing domestic spending over scheduled debt service obligations.

| INDEX | LEVEL | WEEK | YTD | 12 MO |
|---|---|---|---|---|
| DJ Industrial Average | 17,898.84 | 0.28% | 0.43% | 6.96% |
| NASDAQ | 5,051.10 | -0.34% | 6.65% | 17.53% |
| S&P 500 LargeCap | 2,094.11 | 0.06% | 1.71% | 8.50% |
| S&P 400 MidCap | 1,530.89 | 0.28% | 5.40% | 9.45% |
| S&P 600 SmallCap | 725.95 | 0.69% | 4.44% | 9.28% |
| MSCI EAFE | 1,890.67 | 1.59% | 6.52% | -3.87% |
| MSCI Emerging Markets | 979.46 | -0.55% | 2.42% | -7.39% |
| Barclays Aggregate US | | 0.09% | -0.28% | 2.41% |
| Bloomberg Non-US Govt Bond | | -0.72% | -1.23% | 2.38% |
| Bloomberg US Treasury Index | | 0.12% | -0.50% | 2.93% |
| Bloomberg High Yield Index | | -0.26% | 3.84% | 0.20% |
| FTSE/NAREIT All REIT Index | | 0.15% | -4.33% | 3.99% |
| Bloomberg Commodity Index | | 0.52% | -3.59% | -24.96% |

| KEY BOND RATES | WEEK | 1 MO AGO | 1 YR AGO |
|---|---|---|---|
| 3-Month T-Bill | 0.02% | 0.03% | 0.04% |
| 2-Year Treasury | 0.74% | 0.61% | 0.42% |
| 5-Year Treasury | 1.75% | 1.58% | 1.66% |
| 10-Year Treasury | 2.39% | 2.28% | 2.58% |
| 30-Year Treasury | 3.10% | 3.02% | 3.41% |
| Municipal Bond Yields (10 Yr) | 2.40% | 2.25% | 2.33% |

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

## UPCOMING WEEK

While this past week was light on economic releases, next week has a full schedule. Industrial production for May is released Monday, with expectations for a rise of 0.2%, compared to a decline of 0.3% in April. Next up on Tuesday are May housing starts, with expectations for a relatively stable 1.10 million annual rate following a surge in April. Wednesday’s FOMC announcement and press conference by Fed Chairwoman Janet Yellen will likely be watched closely as investors look for any additional clues as to when the Fed plans to begin raising interest rates. The Consumer Price Index is released Thursday, with expectations for a 0.2% increase.

Opinions herein are as of the publication date; they are not statements of facts and may include “forward-looking statements” which may or may not be accurate over the long term. The week is calculated beginning with Monday's market open. Report includes candid statements and observations regarding investment strategies, asset allocation, individual securities, and economic and market conditions. Statements, opinions or forecasts not guaranteed. Do not place undue reliance on forward-looking statements. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Indices and sector statistics are unmanaged and are a common measure of performance of their respective asset classes. Indices are not available for direct investment. Past performance is not indicative of future results. The value of investments and the income derived from investments can go down as well as up. Future returns are not guaranteed, and a loss of principal may occur. Investing for short periods may make losses more likely. Not a deposit, not FDIC insured, may lose value, not bank guaranteed, not insured by any federal government agency.