



## THE WEEK IN REVIEW

This week Greece became the first developed country to default on a loan from the International Monetary Fund. After several failed attempts to negotiate a third bailout deal in five years, Greece was unable to repay €1.55 billion (\$1.71 billion) to the IMF on Tuesday. A breakdown in negotiations last weekend between Greece and its creditors led the government to shut down its banking system and implement capital controls to prevent a run on the banks. Banks were ordered to stay closed for six days starting on Monday and ATM withdrawals were limited to €60 (\$66) a day. The Greek government also called for a referendum on July 5 to vote on the terms of a bailout agreement. Greece's ruling Syriza party is hoping for a "no" vote, even though a "no" vote could lead to a Greek exit from the euro. The main area of contention is the austerity measures demanded by Greece's creditors, which include an increase in the sales tax and pension cuts. European leaders said negotiations will be halted until after the vote.

It was a quiet week for economic news as the markets focused squarely on the events taking place in the euro zone. The biggest economic news was the jobs report announced Thursday morning with the creation of 233,000 new jobs for the month of June, bringing the unemployment rate down to 5.3% from 5.5%. This was a sharp rebound from a contraction in the first quarter of 2015. The U.S. economy produced at least 200,000 jobs in 13 of the last 15 months with most industries expanding, except the energy industry which has been crippled by lower oil prices. The unemployment rate has now fallen to its lowest level in seven years.

Motor vehicle sales continue to be one of the major strengths of the economy this year. June's annualized auto sales were 17.2 million vehicles. This is the first time since 2005 that annualized sales were above 17 million for two consecutive months. May was the strongest month since July 2005 with annualized sales of 17.8 million. According to the National Auto Dealers Association, the current pace of sales suggests the auto industry could surpass 17.2 million vehicle sales in 2015, which would be the second best year on record.

In a shortened trading week with very low volume the announcement of the Greek default rattled both the equity markets and the bond market Monday morning with sharp corrections in both. The equity markets were down sharply on Monday only to finish positive the following two days. The 10-year treasury started the week at 2.49%, and with the downward pressure finished the shortened week at 2.39%.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	17,730.11	-1.21%	-0.52%	4.41%
NASDAQ	5,009.22	-1.40%	5.77%	12.37%
S&P 500 LargeCap	2,076.78	-1.18%	0.87%	5.26%
S&P 400 MidCap	1,505.76	-1.75%	3.67%	4.92%
S&P 600 SmallCap	717.55	-2.30%	3.89%	5.13%
MSCI EAFE	1,856.10	-2.25%	4.58%	-6.74%
MSCI Emerging Markets	971.91	-0.89%	1.63%	-8.36%
Barclays Aggregate US		0.24%	-0.49%	1.69%
Bloomberg Non-US Govt Bond		0.14%	-0.87%	2.17%
Bloomberg US Treasury Index		0.24%	-0.63%	2.39%
Bloomberg High Yield Index		-0.33%	3.42%	-0.71%
FTSE/NAREIT All REIT Index		0.09%	-5.59%	1.15%
Bloomberg Commodity Index		0.72%	-2.36%	-24.14%
<b>KEY BOND RATES</b>		<b>WEEK</b>	<b>1 MO AGO</b>	<b>1 YR AGO</b>
3-Month T-Bill		0.01%	0.01%	0.02%
2-Year Treasury		0.64%	0.64%	0.49%
5-Year Treasury		1.64%	1.61%	1.71%
10-Year Treasury		2.40%	2.27%	2.64%
30-Year Treasury		3.19%	3.02%	3.46%
Municipal Bond Yields (10 Yr)		2.38%	2.31%	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

Next week will be very light on economic data releases. The ISM Non-Manufacturing Index will be released on Monday. Economists are expecting a small rebound in the index to 56.0 after the decline in May. On Tuesday the Job Openings and Labor Turnover Survey (JOLTS) will be released. Job openings are expected to decline slightly to 5.350 million. April's 5.376 million job openings was the highest reading in the 15-year history of the JOLTS report.

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