



THE WEEK IN REVIEW

On Sunday, Greece once again avoided a possible exit from the euro zone by agreeing with the European Central Bank on terms for a three-year bailout deal. While the details of this long-term deal have not yet been disclosed, a short-term solution to reopen banks and repay smaller debts was made. On Monday, a €7 billion (\$7.6 billion) bridge along with an additional €900 million Emergency Liquidity Assistance was agreed to, which should assist with reopening banks that have been closed for nearly three weeks.

Looking at the other international trouble spot recently worrying U.S. stocks, China's economy grew 7% in the second quarter. The 2015 target growth of 7% set by the Chinese government looks attainable after two quarters of growth. China's stock market appears to have stabilized after declining over 30% from the June 12 peak. The Shanghai Composite Index ended this week with a two-day rally for a weekly gain of 2.1%.

Closer to home, despite the gradual improvement in the U.S. economy, retail sales dipped in June. For the first time in four months, retail sales fell by a seasonally adjusted rate of 0.3% versus estimates of a 0.2% increase. Some items that Americans spent less on included clothes, cars, home furnishings, and dining out. The unexpected June sales report, along with downward revisions of the previous two months, could suggest that the second quarter might be softer than analysts anticipated.

The Consumer Price Index rose 0.3% in June and is up 0.2% over the past year. This is the fifth straight month of inflation growth, and it is the first positive year-over-year reading in 2015. Excluding the volatile food and energy categories, core inflation is up 1.8% from a year ago. Energy provided a big boost to June inflation with a monthly gain of 1.7%, but is still a drag on annual inflation as gasoline prices are down 23.3% from a year earlier. Food prices rose 0.3% in June, the biggest increase since last September. The bird flu outbreak caused a shortage of eggs which led to egg prices surging 18.3%, the largest gain since August 1973.

The second quarter earnings reporting season picked up this week with more than 40 S&P 500 members reporting results. According to Zacks Investment Research, earnings for the S&P 500 are forecasted to have declined 6.8% from the same period last year and revenue is expected to be down 4.7%. It was a big week for the financial sector, with earnings reported from several banks, including Wells Fargo (WFC), J.P. Morgan (JPM), Bank of America (BAC), Citi (C), and Goldman Sachs (GS). Reported earnings so far for the S&P financial sector are up 12.2%, but revenue is down 0.5%. Financial companies cited growth in loan demand and lower legal costs as primary drivers of earnings growth.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	18,086.45	1.84%	1.48%	6.53%
NASDAQ	5,210.14	4.25%	10.01%	19.40%
S&P 500 LargeCap	2,126.64	2.41%	3.29%	8.61%
S&P 400 MidCap	1,507.82	0.27%	3.81%	8.06%
S&P 600 SmallCap	723.35	0.57%	4.07%	10.49%
MSCI EAFE	1,893.99	2.27%	6.71%	-3.11%
MSCI Emerging Markets	941.69	0.95%	-1.53%	-11.38%

Barclays Aggregate US	0.36%	-0.06%	2.11%
Bloomberg Non-US Govt Bond	0.05%	-0.46%	2.71%
Bloomberg US Treasury Index	0.38%	-0.03%	2.88%
Bloomberg High Yield Index	0.35%	3.44%	-0.53%

FTSE/NAREIT All REIT Index	0.81%	-3.12%	3.13%
Bloomberg Commodity Index	-1.78%	-6.48%	-24.94%

KEY BOND RATES	WEEK	1 MO AGO	1 YR AGO
3-Month T-Bill	0.03%	0.00%	0.02%
2-Year Treasury	0.67%	0.67%	0.47%
5-Year Treasury	1.66%	1.63%	1.65%
10-Year Treasury	2.36%	2.32%	2.47%
30-Year Treasury	3.11%	3.09%	3.27%
Municipal Bond Yields (10 Yr)	2.38%	2.35%	2.32%

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 relatively slow regarding financial data, with the exception of two important housing figure releases. On Wednesday, existing home sales figures will be released, with new home sales figures following on Friday. Several members of the Dow Jones Industrial Average will report earnings next week including Apple Inc. (AAPL), American Express Company (AXP), The Boeing Company (BA), Caterpillar Inc. (CAT), McDonald's Corp. (MCD), Microsoft Corporation (MSFT), Visa Inc. (V), and Verizon Communications Inc. (VZ).

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