



Market Week: July 5, 2011

The Markets

Greek revival: After domestic equities' weeks-long downdraft, last week's five straight days of fireworks were something to celebrate. The Dow had triple-digit gains on all but one of those days, while the Global Dow gained more in a single week than it did in the entire first quarter. The S&P 500 had its biggest percentage gain since mid-2009, while the NASDAQ and Russell 2000 built on the prior week's strong performances. However, the renewed confidence in equities wasn't good news for Treasury debt. As the Fed's QE2 bond-buying program came to an end, the yield on the 10-year note had its biggest weekly gain of the year, pushing prices down.

Market/Index	2010 Close	Prior Week	As of 7/1	Week Change	YTD Change
DJIA	11577.51	11934.58	12582.77	5.43%	8.68%
NASDAQ	2652.87	2652.89	2816.03	6.15%	6.15%
S&P 500	1257.64	1268.45	1339.67	5.61%	6.52%
Russell 2000	783.65	797.79	840.04	5.30%	7.20%
Global Dow	2087.44	2041.17	2156.11	5.63%	3.29%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.30%	2.88%	3.22%	34 bps	-8 bps

Last Week's Headlines

- The Greek parliament approved a €78 billion package of budget cuts, tax increases, and asset sales. The austerity measures were needed to forestall default on the country's bonds in two weeks, obtain another installment of last year's bailout package, and enhance the odds of receiving future aid.
- Whether they signal better things to come or simply the start of the traditional home-buying season, home prices were up by a welcome 0.7% in April. It was the first increase in eight months for the S&P/Case-Shiller home price index.
- Consumer spending stalled in May but the 0.3% lift in incomes roughly equaled April's increase, according to the Bureau of Economic Analysis. However, adjusted for inflation and taxes, income was up 0.1%, and inflation-adjusted spending fell 0.1%.
- U.S. manufacturing accelerated in June, rising 1.8%; new orders, production, and inventories also rose during the month. It was the 23rd consecutive month of expansion in the sector, according to the Institute for Supply Management.
- Construction spending fell slightly in May, the Commerce Department said, and was 7.1% below that of last May.
- French Finance Minister Christine Lagarde was named to replace Dominique Strauss-Kahn as managing director of the International Monetary Fund, which plays a key role in international assistance for Greece.

Eye on the Week Ahead

After last week's strong gains, the possibility of some profit-taking can't be ruled out as traders return from the holiday weekend. The latest unemployment data on Friday will also be of interest, and the European Central Bank will meet on Thursday to decide whether to raise interest rates.

Key dates and data releases: factory orders (7/5); U.S. services sector (7/6); unemployment/payrolls (7/8).



Data source: Includes data provided by Brounes & Associates. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Past performance is no guarantee of future results. Equities data reflect price change, not total return.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indexes listed are unmanaged and are not available for direct investment.

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