



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Stocks slid across the board last week as Greek banks and stock markets remained closed awaiting a Greece referendum vote on Sunday. Markets opened down on Monday, following Greek “No” vote to new bailout offers. Negotiations begin anew this week with European leaders. Bonds were generally firmer as headlines tilt markets to “risk-off” trading.

- Economic Update:** Despite downbeat markets, recent economic data remains improved. Payrolls rose 223K in June, and unemployment fell to 5.3%. Vehicles sales slid slightly in June, but remained at 17.2M for the quarter, the best quarter since 2006. The ISM Manufacturing Index rose to 53.5 and the ISM Service Sector Index rose to 56.0. Residential construction and Conference Board Consumer Confidence Index also improved in last week’s data.
- Greek Referendum Vote: “No”:** After a week of closed banks and capital controls limiting ATM funds, voters in Greece resoundingly rejected recent bailout proposals from European Troika (IMF, ECB, and EU), with 61% voting “No” in what was expected to be a close vote. Markets reacted with selling Monday.
What matters for the U.S. is how Greece effects Europe, and how that ripples through to our economy.
- Greek Drama-What’s Next:** German and French leaders meet today, with European Union meeting tomorrow, including Greece. European Central Bank board is meeting throughout the week and Greek bank closures have been extended to Wednesday, pending outcome of Greece’s counterproposals and European leadership response. Greece’s finance minister resigned in attempt to appease negotiators. Greece is technically in “arrears” with the IMF but could default with European Central Bank on July 20th if no resolution is reached.
- Oil Prices Resume Slide:** After rebounding 20% during the 2nd quarter, oil prices fell 4% last Wednesday, and sold off by more than 7% on Monday following Greek election results. Oil prices fluctuated during the last quarter reaching a high of \$61 per barrel and settling to \$52 per barrel at the end of the quarter.
- Historical Perspective-Europe Debt:** Following World War II, the London Debt Agreement of 1953 reduced German debts by over 50% and extended maturities out 30 years. The agreement allowed Germany to re-emerge as an economic power.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	0.41	-0.21	-0.31
Barclays High Yield Bond	-0.15	0.25	2.79
Barclays Glb Agg Bond	0.22	-0.40	-3.47
JPM Emerging Mkts Bond	0.20	0.32	2.09
S&P Equity 500 Index	-1.14	0.69	1.93
Russell 3000 All Cap Index	-1.27	0.55	2.50
Russell 2000 Small Cap Index	-2.45	-0.45	4.29
NASDAQ Composite	-1.38	0.46	6.39
S&P Global BMI	-1.74	0.30	3.85
MSCI EAFE Index	-2.64	0.34	5.88
MSCI EAFE Small Cap	-1.60	0.06	10.21
MSCI Emerging Markets	-1.42	-0.75	2.18

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