

FinSer
Weekly Financial Focus
June 15 - 19, 2015

Last Week! As tiresome as it has become, Greece remained a primary theme running through the markets during the week. Mixed signals (or noise) roiled the markets and, at times, sent the bond, stock and currency markets into hysteric, exaggerated moves. One problem from published reports is that investors don't really know what sources are in the know and what sources aren't, thus causing reaction to all, worthy of merit or not. For example, German Chancellor Merkel put forth a plan of staggered reforms for staggered payouts. The markets cheered, but the next day cold water was poured onto this plan by the IMF pulling out of negotiations after citing major differences, sending investors seeking safe havens. It often diverted attention from auction supply and economic fundamentals in the US and sent markets into whippy gyrations, depending if the sentiment was 'risk on' or 'risk off.' On the fundamental side, the economic news for the US economy was encouraging, with signs of a second quarter activity picking up speed. Small business sentiment improved, the job market still shows signs of tightening and hinting at wage gains, and consumer spending looked revived according to the latest retail sales report that incorporated upward revisions to prior months. This kept rates on the short-end of the Treasury market relatively in check, given the support from the data for a Fed rate lift-off this year. But the curve flattened as longer bonds met good demand at the auctions and short covering triggered by Greece-induced flight-to-quality, and a perceived longer lower rate to be eventually pursued by the Fed. Near mid-day Friday, the bull-flattening trade had market rates through 3 years little changed for the week, but longer rates were lower 2 to 5 basis points. Friday's risk off trade in stocks had wiped out most of the week's gains for the benchmark equity indices, leaving the S&P and Dow fractionally ahead for the week..

This Week! Amid rumors floated into the weekend about deadlines given to Greek authorities to submit a "serious" proposal, the Greek drama is likely to again affect market trading and directions this week. Away from that tiresome aspect, the focus should be on the two-day FOMC meeting. No action on interest rates is expected at this meeting. Little is also expected in visible changes in the language of the policy statement released at 1:00 pm CDT. The Committee is data-dependent and the data is not quite where policymakers want it before making a recommendation for rate lift-off. The focus will be on the Summary of Economic Projections' (SEP) dot plots, released simultaneously with the statement. Any surprise will come from Fed Chair Janet Yellen's press conference, scheduled for 30 minutes later. The most anticipated data release will be the next day's CPI.

Monday	NY Fed Empire State Manufacturing Index Industrial Production/Capacity Utilization NAHB Housing Market Index
Tuesday	FOMC Meeting – Day 1 Housing Starts/Building Permits
Wednesday	FOMC Meeting – Day 2 FOMC Policy Statement Summary of Economic Projections Fed Chair Yellen's Press Conference
Thursday	Weekly Jobless Claims CPI Current Account Balance Philadelphia Fed Index Leading Economic Indicators

Market Rates / Levels

GENERAL	June 12, 2015	6 Months Prior	12 Months Prior
FED FUNDS	0 to 0.25%	0 to 0.25%	0 to 0.25%
PRIME	3.25%	3.25%	3.25%
1 MONTH LIBOR	0.18550%	0.16080%	0.15350%
DOW INDUSTRIAL	17898.80	17284.30	16775.68
S&P 500	2094.88	2002.61	1936.15
NASDAQ 100	4458.54	4199.28	3775.56
CRB	224.30	243.75	309.98
YEN	123.36	118.65	102.01
EURO	1.1277	1.2454	1.3538
GOLD	1179.50	1223.10	1277.50
WEST TEXAS CRUDE	60.16	57.81	106.91

TREASURIES	Yield	Yield	Yield
3 MONTH	0.005	0.02	0.03
6 MONTH	0.09	0.08	0.06
1 YEAR	0.25	0.18	0.09
2 YEAR	0.71	0.54	0.45
5 YEAR	1.71	1.51	1.69
10 YEAR	2.35	2.08	2.60
30 YEAR	3.07	2.73	3.41

Data Source: Bloomberg Financial Markets