

## WEEKLY MARKET WRAP

JULY 3 – 9, 2010

Bargain hunting drove the major indices higher during the holiday shortened week, with the S&P 500 surging 5.4%. The market benefited on news that the number of initial jobless claims declined and that the IMF increased its GDP forecast.

The Dow returned above the 10,000 level, the 10-year note broke above 3.0%.

The week got off to a solid start as the S&P 500 snapped a five day losing streak, and advanced every session this week. Wednesday accounted for much of the week's gain, as stocks surged more than 3%, led by financials.

All ten sectors of the market gained for the week. Materials stocks surged 8.0% as commodity prices climbed 2.4%. Financials also had a strong showing, up 7.4%.

Corporate news was on the light side as earnings results remains slow. Retailers, however, were in focus as they reported their June same store sales results. Results were mixed and most retailing stocks underperformed on a relative basis.

Google received a boost on news that the Chinese government renewed its Internet license. Shares rose 7.1% for the week.

In economic news, the IMF increased its 2010 GDP growth forecast to 4.6% from 4.2%. The IMF left its forecast for 2011 unchanged as stronger growth in the U.S. is expected to offset slower growth in Europe.

The ISM Services Index for June slipped to 53.8, down from the previous reading of 55.4 and the Briefing.com consensus of 55.0. The report had a muted impact on the equity market.

The number of new unemployment claims fell and was slightly better than expected (454,000). While we continue to hope that the latest move is a sign of a downward trend, we remain very skeptical as the data point to more or less the same type of movement that we have seen since the middle of November 2009.

The upcoming week marks the unofficial start to second quarter earnings season with Alcoa reporting on after the close on Monday. Other major names confirmed to report include Intel, JPMorgan Chase, Google, Bank of America, Citigroup, and General Electric.

For the week the S&P gained 5.4%, the Dow closed 5.3% higher and the Nasdaq picked up 5.0%.

Have a great weekend!