## **Weekly Market Guide**

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Chief Investment Strategist Commentary: A busy week for market information: second-quarter earnings season picks up steam, and it's a heavy week for U.S. economic data. On the indicator front, industrial production could show a slight pickup, housing data should show momentum continuing,

and consumer spending data as indicated by retail sales are forecasted to pick up slightly. Fed Chairman Ben Bernanke gives his semiannual testimony before Congress on Wednesday and Thursday, which will be closely followed. Less market-moving yet still important, the Fed releases its Beige Book on Wednesday. The Bank of Canada meets this week and is not expected to make any changes to monetary policy. China GDP this morning read 7.5% for second-quarter growth, in line with expectations yet slower than last quarter. Week in Review: Both the DJIA and S&P 500® finished the week at new record highs following strong earnings from two big banks: JPMorgan and Wells Fargo. The Fed released its minutes from its June FOMC meeting, which seemed to soothe global markets. Half the participants voted for quantitative easing to end by year end, while others wanted more assurance about the strength of the recovery in the

jobs market before pulling back on economic stimulus measures. In a conference following the meeting, Bernanke assured that monetary policy would remain accommodative for the foreseeable future, even if the unemployment rate hits the Fed target of 6.5%. The U.S. earnings season began, with early reports mostly meeting expectations. The Bank of Japan kept monetary policy unchanged at its meeting, as expected, but upgraded its assessment of the Japanese economy.

Domestic Equities					Economic Data		Consensus	Previous		
	Last wk (%)	YTD (%)	52-wk (%)	P/E (x)	P/E fwd (x)	Div yld (%)	7/15	US Empire Manufacturing	5.0	7.8
S&P 500	2.96	17.81	23.84	15.71	15.24		7/15	US Advance Retail Sales	0.7%	0.6%
S&P 500 Growth	3.09	16.55	20.21	17.20	16.60	1.82	7/15	US Business Inventories	0.3%	0.3%
S&P 500 Value	2.83	19.16	28.12	14.92	14.40	2.24	7/16	EC CPI (m/m)	0.1%	0.1%
S&P Mid-Cap 400	2.96	19.68	29.55	19.08	18.08	1.36	7/16	GE ZEW Survey	39.0	38.5
S&P Small-Cap 600	2.77	22.52	30.51	20.57	19.88	1.26	7/16	US CPI (m/m)	0.3%	0.1%
FTSE NAREIT Equity	3.77	7.93	8.28	-	-	3.40	7/16	US Industrial Production	0.3%	0.0%
Global Equities					7/16	US NAHB Housing Mkt Index	51	52		
World	Last wk (%)		52-wk (%)	P/E (x)	P/E fwd (x)	Div yld (%)	7/16	UK CPI (m/m)	0.0%	0.2%
MSCI EAFE	3.07	6.48 6.68	17.75 21.61	14.12 18.05	14.03	2.59 3.23	7/16	UK RPI (m/m)	0.1%	0.2%
MSCI EM	3.17 4.35	0.00 -10.41	2.01	11.44	12.26 9.48	3.23	7/17	UK ILO Unemployment Rate	7.8%	7.8%
MISCIEM	4.33		eloped	11.44	7.40	2.00	7/17	US Housing Starts	945k	914k
Japan	2.59	22.46	28.08	14.28	15.31		7/17	US Building Permits	1000k	985k
U.K.	4.17	4.63	17.27	17.43	13.47		7/17	Bank of Canada Rate Decision	1.0%	1.0%
Germany	6.16	4.46	29.16	11.62	12.37		7/17			
Canada	4.59	-3.54	6.57	14.13	14.95	0.45	11 '	US Jobless Claims	342k	360k
Canada	4.07		erging	14.10	14.75		7/18	US Philadelphia Fed	6.0	12.5
China	1.98	-6.50	3.85	11.68	9.58	3 05	7/18	US Leading Indicators	0.3%	0.1%
South Korea	3.54	-9.79	5.87	9.96	9.88	1 41	7/19	GE Producer Prices (m/m)	-0.1%	-0.3%
EMEA	4.75	-9.96	2.25	9.15	9.62	4.05	7/19	IT Industrial Orders (m/m)	0.6%	0.6%
Latin America	0.99	-17.28	-9.26	13.70	13.56		7/19	CA CPI (y/y)	1.3%	0.7%

Alternative Assets							
	Last wk	Last wk	YTD (%)	52-wk			
DJ/UBS	<b>price</b> 128.4	<b>rtn (%)</b> 1.20	-7.64	<b>(%)</b> -8.48			
HFRX Macro	1141.8	-0.20	-2.08	-2.00			
TIPS Index	273.2	0.71	-8.10	-6.82			
Pates							

Rates								
	Friday Close	3-mo ago	6-mo	12-mo				
	(%)	(%)	ago (%)	ago (%)				
Fed Funds	0.09	0.15	0.14	0.18				
Prime	3.25	3.25	3.25	3.25				
2-yr Treas	0.37	0.22	0.26	0.25				
10-yr Treas	2.61	1.75	1.89	1.50				
30-yr Mgt	4.48	3.54	3.44	3.64				
IG Yield	3.43	2.71	2.77	3.19				
HY Corp	6.75	6.31	6.53	7.75				
Currencies/Commodities/Volatility								
\$ Index	82.99	81.75	79.80	83.10				
\$per€	1.31	1.31	1.33	1.22				
\$ per £	1.51	1.54	1.61	1.54				
¥ per\$	99.43	98.74	89.08	79.25				
Gold	1277.60	1501.40	1660.60	1565.30				

91.29

12.06

105.95

13.84

Crude Oil

VIX

## PNC's WEEKLY CHART

Earlier this year, in our February 19 Market Update, *The Great Rotation and* Asset Allocation, we wrote that fund flows still greatly favored bonds, with inflows into equities typically sourced from cash. After Fed taper talks began in late May, funds flew out of bonds in June to the tune of \$59.3 billion. Where did they go? Not into stocks, as inflows to equities netted a mere \$0.5 billion, keeping the Great Rotation at bay. Our weekly chart shows net flows for mutual funds – equities less bonds, which nonetheless illustrates investors speaking with their feet in terms of bond fund redemptions.



Data as of 7/12/2013. Please see reverse side for important disclosures.

86.08

18.33

93.56

13.36



Sources: FactSet Research Systems, Dow Jones UBS Index, Barclays Capital, Bankrate.com, Chicago Board Options Exchange, Bloomberg, Bank of America/ Merrill Lynch, HFR Asset Management, LLC, MSCI

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