



## Partners in Financial Planning, LLC

421 S College Ave  
Salem, VA 24153  
540-444-2930  
Fax 540-266-3620  
info@partnersinfinancialplanning.com  
www.partnersinfinancialplanning.com



# Market Month: July 2015

## The Markets (as of market close July 31, 2015)

Despite a generally sluggish economy, some mundane corporate earnings reports, the Greek debt crisis, and China's stock market upheaval, the stock markets posted moderate gains, for the most part. The biggest gainer for the month was the Nasdaq, up 141 points to 5128, followed by the S&P 500, which ended the month higher by almost 2%. The apparent prevention of a major economic meltdown in Greece may have prompted foreign investors to start buying as the Global Dow finished the month up over 1%. As to the major U.S. stock market indexes, only the Dow remains in negative territory for the year, down 0.75%, with the remaining indexes in the black for the year.

Market/Index	2014 Close	Prior Month	As of 7/31	Month Change	YTD Change
<b>DJIA</b>	17823.07	17619.51	17689.86	0.40%	-0.75%
<b>Nasdaq</b>	4736.05	4986.87	5128.28	2.84%	8.28%
<b>S&amp;P 500</b>	2058.90	2063.11	2103.84	1.97%	2.18%
<b>Russell 2000</b>	1204.70	1253.95	1238.68	-1.22%	2.82%
<b>Global Dow</b>	2501.66	2511.42	2543.35	1.27%	1.67%
<b>Fed. Funds</b>	0.25%	0.25%	0.25%	0%	0%
<b>10-year Treasuries</b>	2.17%	2.35%	2.18%	-17 bps	1 bps

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

## The Month in Review

- It's hard to quantify the impact Greece's debt crisis had on the stock market in the United States and around the globe, but it certainly had some influence. The month started with Greece effectively closing its banks and stock market, followed by a national referendum vote against austerity measures proposed by Greece's major creditors as a condition for further bailout loans. With the prospects of Greece leaving the eurozone seemingly inevitable, last-minute negotiations between Greece's Prime Minister, Alexis Tsipras, and eurozone leaders led to an agreement in principal for more bailout funds. In response, the country passed austerity measures that appear to be stricter than those originally proposed but rejected by Greece earlier in the month. Nevertheless, formal negotiations on the terms of a bailout agreement between Greece and its primary creditors continue to take place heading into August.
- July also saw the Chinese stock market continue a period of dramatic volatility. Following several weeks of major losses, the Chinese government intervened in an attempt to halt massive sell-offs and stabilize the market. Still, as the month came to an end, China's stocks continued to suffer major losses, with the Shanghai Composite Index falling over 20% since its June peak.
- Oil prices fell to their lowest level in several months, with crude falling well below \$50 (NYMEX) a barrel. Waning prices are largely attributable to Iran's anticipated reentry into the oil-producing market, as well

## Key Dates/Data Releases

8/3: Personal income and outlays, ISM Manufacturing Index

8/5: International trade, ISM Non-Manufacturing Index

8/6: Jobless claims report

8/7: Employment situation

8/12: JOLTS, Treasury budget report

8/13: Jobless claims, retail sales, import and export prices, business inventories

8/14: Producer Price Index, industrial production

8/18: Housing starts

8/19: FOMC minutes, Consumer Price Index

8/20: Jobless claims, existing home sales

8/25: New home sales

8/26: Durable goods orders

8/27: GDP, jobless claims, Pending Home Sales Index

8/28: Personal income and outlays

as China's lessening demand for crude oil due to its turbulent stock market.

- According to the [Wall Street Journal](#), demand for gold is at its weakest level since 2009, with prices falling below \$1,100.00.
- The U.S. economy is actually growing, albeit at a moderate pace. The first quarter GDP, which was estimated to have contracted 0.2%, actually expanded by a revised 0.6%. Estimates for the second quarter show an increase in real GDP to an annual rate of 2.3%, influenced by an uptick in exports, a deceleration in imports, and stronger consumer spending.
- Following its July meeting, the Federal Open Market Committee (FOMC), while noting continued improvement on the domestic labor front, did not anticipate an interest rate hike before its next meeting in September. Citing soft net exports, slow business production, and inflation that remains below the Committee's 2.0% target, interest rates would remain unchanged for the time being.
- July's U.S. Treasury report for June indicated a budget surplus of \$51.8 billion. The fiscal year-to-date (October through June) deficit stood at \$313.4 billion. Total receipts for 2015 are up 8.3% as is total spending, which is 5.1% ahead of the same period in 2014.
- U.S. retail and food services sales for June decreased 0.3% from the previous month, coming in at \$442.0 billion, according to the U.S. Census Bureau. The June estimate, coupled with the downward revision of May's retail sales from 1.2% to 1.0%, reveals that second quarter consumer spending is weaker than previously estimated.
- Inflation is an important factor in determining whether (and when) the Federal Reserve will raise interest rates. The overall Consumer Price Index rose 0.3% in June from a month earlier, according to the Bureau of Labor Statistics. Over the last 12 months, the unadjusted price index for all items increased by 0.1%--the first annual increase since December.
- U.S. producers in June received slightly higher prices for their goods and services. The Bureau of Labor Statistics Producer Price Index for goods and services rose a seasonally adjusted 0.4% in June, following an increase of 0.5% in May.
- Job openings rose in May to 5.36 million compared to 5.33 million in April, according to the Labor Department's Job Openings and Labor Turnover Survey (JOLTS). This is the highest number of job openings since the survey began in December 2000. The number of May hires was slightly down compared to April (5.0 million/5.3 million), while there were fewer total separations (quits, layoffs, and discharges) in May compared to April. While job openings may have increased, employee compensation remained effectively the same for the three-month period ended June 2015, according to the latest Labor Department Employment Cost Index.
- The U.S. trade deficit for May came in at \$41.9 billion--slightly higher than April's revised gap of \$40.7 billion. A stronger dollar continued to affect exports, which remains a major concern for U.S. manufacturers.
- Imports and exports continue to feel deflationary pressures. Import prices received by domestic producers for June fell 0.1%, while export prices were down 0.2%, according to the Bureau of Labor Statistics. Year-on-year, import prices declined 10.0% with export prices down 5.7%. However, the Federal Reserve's index of industrial production showed some improvement in June, as production increased 0.3%, following two previous months of contraction.
- Other economic news of note during June saw housing prices and existing home sales increase, while sales of new homes dropped. Initial claims for unemployment insurance rose toward the close of July, as did the number of continuing claims. Compared to last month, the national average retail regular gasoline price remained essentially the same at \$2.745 per gallon on July 27, 2015. Overall, consumer confidence dropped in July to 90.9 compared to 99.8 in June.

## Eye on the Month Ahead

Negotiations between Greece and its creditors are expected to continue in August. However, significant internal dissent within the country may impede progress toward a formal agreement. Exports had picked up somewhat toward the end of July, but the continued strength of the dollar may curtail further growth.

*Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); [www.goldprice.org](#) (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e. wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. 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. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.*

*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 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indices listed are unmanaged and are not available for direct investment.*

---

Partners in Financial Planning, LLC is a fee-only financial planning and investment management firm located in Salem, Virginia. Our mission is to provide comprehensive, caring financial guidance that allows our clients to spend less time worrying about their finances and more time enjoying their lives.

The information provided herein is intended for general educational and informational purposes. Please consult with your financial advisor for tailored advice related to your specific situation.