



ALL STAR FINANCIAL

Contact Information: asf@allstarfinancial.com
Main Number **952-896-3820**
 Bob Klefsaas 952-896-3816
 Maren Aipperspach 952-896-3817
 Bruce Bonner 952-896-3818
 Paul Sommerstad 952-896-3835
 Nick Hohn 952-896-3823
 Kris Collins 952-896-3829
 Valerie Moorhead 952-896-3826

Weekly Market Wrap July 12, 2010

Review - Week Ending 07/09/2010

Stocks had a nice bounce up last week, as investors moved back into stocks ahead 2nd quarter earnings reports. Broad market indexes rose more than 5%-the stock market's best weekly performance since last July. Earnings reports kickoff with Alcoa on Monday and continue for the next few weeks. Economic calendar is full as well, with retail sales, industrial production, inflation data and jobs all on tap.

Commentary/Highlights

- **No Double Dip Forecast:** JP Morgan's Chief David Kelly, chief market strategist at JPMorgan Funds, doesn't believe the pessimism on the US economy. He recommends investors prepare for the market to rise by being slightly overweight stocks and underweight in bonds. "I think the market is pricing in a double-dip recession and I think it's probably getting it wrong," Kelly noted, a double-dip recession only has happened once in the last 70 years, and that was in 1982 when then Federal Reserve Chairman Paul Volcker was trying to tame inflation and pushed the Federal Funds rate to 18 percent. "It's very rare," Kelly said.
- **Earnings Reports:** Estimates have been modestly trimmed for the 2nd quarter earnings reports, with 19% Y/Y earnings growth expected. Again, the most important factors will be beating analyst estimates and the tone of corporate outlooks going forward.
- **International Monetary Fund** raised its forecast for global growth to 4.6% in 2010, up from its 4.2% projection in April, according to its World Economic Outlook. Global growth forecast for 2011 remains unchanged at 4.2%.
- **South Korea's** Central Bank raised its benchmark interest rate 25 basis points to 2.25%. The hike was its first since August 2008, and the economy has experienced robust economic growth over the past year.
- **A bright spot in tech sector:** Global semiconductor sales rose 4.5% in May are up 47.6% from last year, with growth in America and Asian-Pacific regions leading the rebound in global sales according to Moodys. Com.
- **Morgan Stanley Changes Mind:** Morgan Stanley forecast rising interest rates this year but in its recent U.S. Economic report admitted that their forecast has not worked. They expect that higher uncertainties, low risk appetite, and moderating outlooks to send 10-year treasury yields to 2.75% in the near term before finally beginning to rise at year-end. **However, they caution that the lower yields fall now, the more violently they could rise in 2011.**

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays Aggregate Bond	-0.02%	-0.10%	+5.22%
Barclays High Yield	+1.02%	+1.00%	+5.55%
S&P 500 Index	+5.30%	+4.47%	-2.49%
Russell 3000	+5.45%	+4.49%	-1.83%
MSCI EAFE Index	+5.02%	+4.98%	-8.90%
MSCI EAFE Small Cap	+3.93%	+4.29%	-3.12%
MSCI Emerging Markets	+4.32%	+3.82%	-2.58%
NASDAQ Composite	+5.00%	+4.13%	-3.20%
Russell 2000	+5.11%	+3.30%	+1.29%