

# EVERGREEN INSIGHTS: A WEEKLY SNAPSHOT

JULY 6, 2015

## Top News Headlines

- 1) Greece Votes No Over Weekend as Risk Rises for an Exit from the Euro
- 2) Germany Open for Further Negotiations as Merkel Set to Meet with Holland
- 3) US Women's Soccer Team Wins First World Cup Since 1999 with Win Over Japan

## Economic News

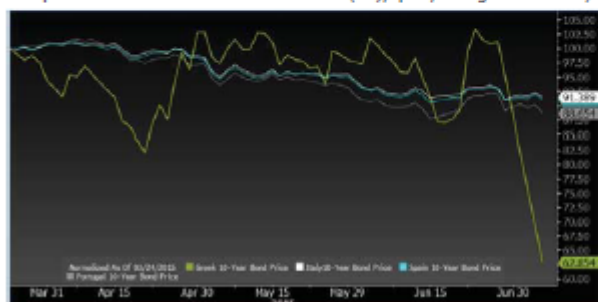
- The June jobs report showed a weaker than expected 223,000 jobs added as labor markets slightly slow, but still remain robust
- US consumer confidence jumped in June, given an improved economy, and now sits near a 7-year high
- Construction spending and manufacturing both rose in June as economy much improved since Q1
- Eurozone manufacturing and services PMI both expanded in June as region improving despite headline risk from Greece
- The China manufacturing PMI dipped in June and barely remains in expansion, economy still losing steam

## Thought of the Week

The Greek people have spoken with a resounding 61% of voters voting "no" in last weekend's bailout proposal from international lenders. We are now witnessing a Western-style showdown and Greek Prime Minister Alexander Tsipras has just improved his shooting position. Essentially, Greece now has two choices: 1) bow to the demands of the EU—no matter how restrictive and unreasonable they may seem (see: austerity measures, reforms, etc.); 2) go at it alone. All indications point to Greece posturing for door number two, however, we believe they would still like to make a deal. Like a game of chicken, the stage is now set for Greece leadership to play hardball with creditors and other interested parties. In simple terms, this is not good news for financial markets. The Greek people have set a precedent for other disgruntled European nations to lock horns with the EU. In terms of its size, though, how the Greek situation unfolds is fairly irrelevant to financial markets, when considered on its own. But the change in mindset is potentially a tipping point for Europe's political stability. After all, the euro's original charge was to bind a continent plagued by war, while also facilitating trade under a single currency. It's somewhat ironic that the future of the EU now lies in the hands of the nation where democracy was born. To say the least, the eyes of the world are on Greece, and also peripheral bond yields, which have held in decently so far (as shown in the chart below).

## Chart of the Week

European Bond Prices Normalized Since March (Italy, Spain, Portugal and Greece)



Source: Bloomberg, Evergreen GaveKal

Index Levels	Friday Close 7/2/15	Prior Week 6/26/15	Year End 12/31/14	Year Ago 7/2/14
S&P 500	2077	2101	2059	1975
Dow Jones 30	17730	17947	17823	16076
Nasdaq	5009	5081	4736	4458
Russell 2000	1248	1280	1205	1200

Market Returns	1 week	1 month	YTD	1 Year
S&P 500	-1.1%	-1.4%	1.9%	7.3%
Russell 2000	-2.4%	-0.1%	4.3%	5.4%
Barclays Agg	0.4%	-0.5%	-0.4%	2.2%
MSCI World	-1.6%	-1.8%	3.7%	2.0%
MSCI Europe	-2.9%	-2.7%	14.5%	14.3%
MSCI Japan	-1.4%	-2.1%	17.2%	30.5%
MSCI China	-1.8%	-6.7%	13.9%	21.9%
MSCI Brazil	-0.8%	-0.6%	-8.5%	-28.2%
MSCI Emerging Markets	-0.7%	-2.1%	3.0%	-5.8%

Market Valuations	P/E Trailing	P/E Forward	P/Sales	Dividend Yield
S&P 500	18.6	17.8	1.8	2.0
Russell 2000	20.1	16.7	1.3	1.4
FTSE 100 (Europe)	20.6	15.8	1.0	4.0
Hang Seng (Hong Kong)	10.5	12.0	1.9	3.3

Bond Yields	Friday Close 7/2/15	Prior Week 6/26/15	Year End 12/31/14	Year Ago 7/2/14
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.63	0.71	0.67	0.8
10 Year Treasury	2.38	2.47	2.17	2.63
Investment Grade	3.88	3.93	3.70	3.51
Muni Yield	2.59	2.54	2.32	2.77
High Yield	6.62	6.38	6.80	5.33

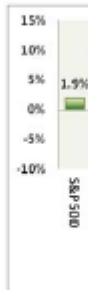
Consumer Rates				
15 Year Mortgage	3.19	3.24	3.09	3.24
30 Year Mortgage	4.22	4.27	3.99	4.19
Consumer Confidence	101.40	94.60	93.10	86.37

Commodities				
Gold	1166.2	1175.6	1184.9	1326.9
Silver	15.7	15.8	15.7	21.2
WTI Crude Oil	56.9	59.6	53.3	104.5
Natural Gas	2.8	2.8	2.9	4.4

Currency				
Dollar Index	96.11	95.47	90.27	79.96
\$ per Euro	1.109	1.117	1.210	1.366
Yen per \$	123.06	123.84	119.68	101.77
CAD per \$	1.254	1.232	1.162	1.067

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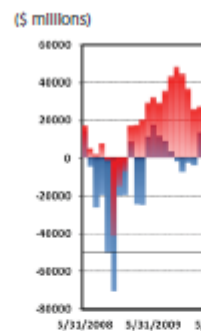
S&



Growth

Value

Like



Market question of the week: What percentage of Gen Y's parents? (Source: a) 38.5% b) 63.3%

Trivia question of the week: Sunday's Women's World Cup game in the U.S. on a Media Insights) a) 17 million b) 23 million

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*Benchmark indices are provided in this material for comparison with well-known and widely recognized indices from various markets, world, and economic data. You cannot invest directly in an index. Index results assume the re-investment of all dividends.*

*The S&P 500 is a market-capitalization weighted index that includes the 500 most widely held companies chosen with reference to the Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ Quotation (NASDAQ) System is a nationwide computerized quotation system for over 5,500 over-the-counter stocks. The FTSE 100 Index is an index of the 100 largest companies (by market capitalization) in the United Kingdom. The Hang Seng Index is maintained by a subsidiary of Hang Seng Bank, the leadership of the Hong Kong exchange, and covers approximately 65% of its total market capitalization. The Hang Seng Index covers the main lines of business including commerce and industry, finance, utilities and properties.*

*The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the 1,000 largest securities based on a combination of their market cap and current index membership. The Russell 1000 Value Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth rates. The Russell 1000 Growth Index measures the performance of those Russell 1000 companies that have higher book-to-price ratios, and thus a less-than-average growth orientation, than the Russell 1000 Value Index. The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index. The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth rates. The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Growth Index measures the performance of those Russell 2000 companies that have higher book-to-price ratios, and thus a less-than-average growth orientation, than the Russell 2000 Value Index. The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer of the small-cap value segment of the U.S. equity market. The methodology used to determine value probability approximates the aggregate small-cap value market. The Russell 2000 Value Index is a market capitalization weighted index that measures the performance of the 3,000 largest U.S. companies representing approximately 90% of the U.S. equity market.*

*The Morgan Stanley Capital International (MSCI) World Index is a market capitalization weighted index composed of companies from developed market countries in North America, Europe and the Asia/Pacific Region. The MSCI Europe Index is a free float-adjusted market capitalization weighted index that measures the equity market performance of the developed markets in Europe. The MSCI Europe Index consists of the following 16 countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. The MSCI China Index is a market capitalization weighted index that measures the performance of the large and mid cap segments in the China and is constructed according to the MSCI Global Investable Market Indices Methodology. The MSCI Brazil Index is designed to measure the performance of the large and mid cap segments of the Brazilian market with the goal of providing a comprehensive and unbiased barometer of the Brazilian equity universe. The volatility of these indices may be materially different from that of the representative accounts.*

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