

The stock market provided a bumpy ride in the second quarter, but ended the quarter about where it started. April saw a continuation of the first quarter market rally as investors focused on the continued strength in corporate earnings reports. Earnings from S&P 500 companies gained an impressive 35% in the first quarter as compared to the prior year.

May and early June saw the market move lower amid investor concerns about a possible Greek debt default. Here at home, weak economic data also weighed on investor sentiment as the unemployment rate ticked back above 9.0% in May. Stocks rebounded in late June on signs Greece would receive aid to avoid default and data that showed improved U.S. industrial activity.

Leadership in the market shifted during the quarter. The Energy and Industrial sectors declined in the second quarter after producing the best returns in the first quarter. Less economically sensitive sectors performed best this past quarter, as Healthcare, Consumer Staples, and Utilities all posted strong results. Financial stocks again lagged the market and are the only sector in the market down year to date.

Looking forward, the environment for stocks should remain favorable. Valuations remain attractive as corporate earnings have rebounded sharply since their 2009 low. Strong balance sheets should allow companies to continue to repurchase shares and raise dividends, events that generally reward stock investors.

Return of Various Market Indices								S&P 500 Economic Sector Returns		
Index	Last Month	Last Quarter	Year-to-Date	1 Year	3 Year	5 year	10 Year	Wgt.	Sector	YTD
										Return
3-Mo US T-Bills (Cash)	0.00%	0.01%	0.03%	0.11%	0.26%	1.79%	1.95%	11.0%	Health Care	13.94%
Barclays 1-3 Year Gov't Bonds	0.03%	0.81%	0.88%	1.38%	3.05%	4.27%	3.75%	12.8%	Energy	11.52%
Barclays Gov't/Corp Bonds	-0.47%	2.32%	2.61%	3.68%	6.17%	6.35%	5.74%	3.2%	Utility	9.06%
Dow Jones Industrial Average	-1.10%	1.42%	8.59%	30.37%	6.09%	4.97%	4.20%	10.5%	Consumer Discr.	8.27%
DJ Wilshire 5000	-1.75%	-0.05%	6.01%	32.26%	4.33%	3.66%	3.86%	11.1%	Industrial	8.01%
S&P 500 Composite	-1.67%	0.10%	6.02%	30.69%	3.34%	2.94%	2.72%	10.4%	Consumer Staple	7.92%
S&P/Citigroup Growth	-1.24%	1.64%	6.79%	33.53%	4.60%	5.17%	2.85%	3.0%	Telecomm	7.11%
S&P/Citigroup Value	-2.11%	-1.47%	5.23%	27.90%	2.04%	0.63%	2.42%	3.7%	Materials	3.62%
S&P 500 Utilities Sector	-0.10%	6.14%	9.06%	23.86%	-2.04%	4.79%	3.02%	18.4%	Technology	2.10%
Russell 2000 (Smallcap Stocks)	-2.31%	-1.61%	6.21%	37.41%	7.77%	4.08%	6.27%	15.7%	Financial	-3.12%
MSCI EAFE (Int'l Stocks)	-1.23%	1.83%	5.35%	30.93%	-1.30%	1.96%	6.12%	100%	S&P 500	6.02%

Source: Ibbotson Associates & Bloomberg LP