

Weekly Comment



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Market Overview

The Dow Jones Industrial Average rose 511.55 points (5.28%) last week to 10,198.03 as the market's focus seemed to turn to prospects of favorable earnings reports in the next few weeks. Perhaps news that a new cap that would effectively contain the oil spill in the Gulf could be in place early next week may also have lifted investor spirits. Those Dow 10,000 celebration caps certainly have gotten more use than many thought they would.

In the News

Madison Square Garden (MSG-19.44) And the Winner Is Not...

The less-than-exciting New York Knicks failed to land LeBron James and Knick fans and Madison Square Garden shareholders both groaned with disappointment. The stock finished the week about 3%.

DineEquity (DIN-28.87) Early Bird Special

While consensus estimates for earnings, \$3.61 this year and \$3.32 in 2011, aren't all that exciting, an article in Barron's discusses the possibility that DineEquity, the owner of IHOP and, more recently, Applebee's, makes a case that debt reduction and a "rebranding" at Applebee's will lead to better results and a higher stock price over time. Selling at less than estimated 2011 earnings, that point of view is clearly not reflected in the stock.

The Week Ahead

While there will be some interesting economic news in this week, the investors will be turning their attention to earnings reports. On the economics front, both the July Producer and Consumer Price indexes are expected to show 0.1% declines. The consumer continues to take a breather with June retail sales estimates down 0.3% and the Michigan Consumer Sentiment Index expected to be slightly lower. While Alcoa will kick the earnings season off on Monday, more interesting reports will follow. Industrial supply companies, Fastenal and Grainger, are expected to solid gains supporting those who believe the economic recovery is still proceeding. In technology, reports from Intel and Google should give investors insight into the health of the hardware and Internet areas of the technology sector. Of course, the profitability of money-center banks, JP Morgan Chase, Bank of America, and CitiGroup, will help shape investor confidence.



Economic Indicators

		Expected	Last Period
Tuesday, July 13:	May International Trade	(\$39 billion)	(\$40.3 billion)
	June Treasury Budget	(\$65.5 billion)	(\$135.90)
Wednesday, July 14:	June Import Prices	-0.40%	-0.60%
	June Retail Sales	-0.30%	-1.20%
	May Business Inventories	0.30%	0.40%
Thursday, July 15:	June Producer Price Index	-0.10%	-0.30%
	June Capacity Utilization	74.20%	74.10%
	July Phil. Fed Survey	10.00%	8.00%
Friday, July 16:	June Consumer Price Index	-0.10%	-0.20%
	July Michigan Sentiment	74.00%	76.00%

Source: Bloomberg

Selected Corporate Earnings

		Period	Estimate	Year Earlier Period
Monday, July 12:	Alcoa	2Q	\$0.12	(\$0.26)
	CSX	2Q	\$0.97	\$0.72
	Heartland Express	2Q	\$0.16	\$0.19
	Novellus Systems	2Q	\$0.60	(\$0.41)
Tuesday, July 13:	Fastenal	2Q	\$0.44	\$0.29
	Intel	2Q	\$0.43	(\$0.07)
	Yum Brands	2Q	\$0.54	\$0.50
Wednesday, July 14:	Marriott Intl.	2Q	\$0.28	\$0.23
Thursday, July 15:	Google	2Q	\$6.54	\$5.36
	Grainger (WW)	2Q	\$1.50	\$1.21
	Hunt Z(JB) Transport	2Q	\$0.35	\$0.23
	JP Morgan Chase	2Q	\$0.72	\$0.28
	PPG Industries	2Q	\$1.40	\$0.91
Friday, June 16:	Bank of America	2Q	\$0.20	\$0.33
	CitiGroup	2Q	\$0.05	\$0.49
	Gannett	2Q	\$0.53	\$0.46
	General Electric	2Q	\$0.27	\$0.26
	Genuine Parts	2Q	\$0.71	\$0.65
	Mattel	2Q	\$0.15	\$0.06

Source: Thompson First Call

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