

## Weekly Comment



Research Analyst

Paul J. Resnik, CFA  
Chief Market Analyst  
212-621-9634  
presnik@olympiany.com

### Market Overview

The Dow Jones Industrial Average fell 100.13 points (0.98%) last week to 10,097.90 despite a solid start to the earnings report season, an SEC settlement with Goldman Sachs and good news from the Gulf of Mexico. Investors seem to be increasingly concerned about the durability of the economic recovery as one-time tax credits (autos and homes), expiring stimulus payments, and the uncertain impact of financial “reform” come into play.

### In the News

#### Apple (AAPL-249.90) Spotty Reception

Apple shares fell over 3% last week despite Steve Jobs’ assurance that the iPhone’s antenna problem was not a “giant problem” and that the problem “has been blown so out of proportion that it’s incredible.” Second quarter earnings are scheduled for this Tuesday.

#### Goldman Sachs (GS-146.17) Not Material

Goldman shares rose almost 6% as the market was relieved that the Company’s fine was only \$550 million and that it didn’t have to admit any wrongdoing. Interestingly, although the Company received a Well’s notice alerting it to possible SEC action, following advice of the firm lawyers, it did not make a public disclosure of this as it was not deemed to be a material development.

### The Week Ahead

On the economics front, housing-related reports will take center stage with both June housing starts and existing home sales expected to decline from the previous month. These reports, and an expected decline in leading economic indicators in June, will likely not help investors put aside concerns about the economic recovery. The earnings calendar will be loaded with major companies reporting June quarter numbers. While the comparisons will be almost uniformly positive, traders last week showed that this may not be good enough to bolster stock prices. Key technology stocks will be reporting early in the week. On Monday, IBM and Texas Instruments will try to build on last week’s positive report by Intel. On Tuesday, Apple is expected to report quarterly earnings up more than 50%; however, further updates on “antenna-gate” and the pace of iPhone 4 sales will likely catch investor attention.



## Economic Indicators

		Expected	Last Period
Tuesday, July 20:	June Housing Starts	580,000	593,000
Thursday, July 22:	June Existing Home Sales	5.10 million	5.66 million
	June Leading Indicators	-0.30%	0.40%

Source: Bloomberg

## Selected Corporate Earnings

		Period	Estimate	Year Earlier	Period
Monday, July 19:	Ford Motors	2Q	\$0.41		(\$0.21)
	Intl. Business Mach.	2Q	\$2.58		\$2.32
	Texas Instruments	2Q	\$0.62		\$0.20
Tuesday, July 20:	Apple	3Q	\$3.08		\$2.01
	Bank of NY Mellon	2Q	\$0.54		\$0.51
	Goldman Sachs	2Q	\$2.07		\$4.93
	Pepsico	2Q	\$1.08		\$1.02
	United Health Group	2Q	\$0.75		\$0.73
Wednesday, July 21:	Abbott Labs	2Q	\$1.00		\$0.89
	Altria	2Q	\$0.50		\$0.50
	Coca-Cola	2Q	\$1.03		\$0.92
	EMC	2Q	\$0.27		\$0.18
	Morgan Stanley	2Q	\$0.46		(\$1.10)
	QUALCOMM	3Q	\$0.54		\$0.54
	United Technologies	2Q	\$1.16		\$1.05
	U.S. Bancorp	2Q	\$0.38		\$0.12
	Wells Fargo	2Q	\$0.48		\$0.57
	Thursday, July 22:	Amazon.com	2Q	\$0.55	
American Express		2Q	\$0.77		\$0.09
AT&T		2Q	\$0.57		\$0.54
Bristol Myers Squibb		2Q	\$0.53		\$0.49
Caterpillar		2Q	\$0.84		\$0.72
Lilly		2Q	\$1.10		\$1.12
Microsoft		4Q	\$0.46		\$0.36
Phillip Morris Intl.		2Q	\$0.97		\$0.83
Union Pacific		2Q	\$1.21		\$0.78
United Parcel Service		2Q	\$0.76		\$0.49
Friday, June 23:	Honeywell Intl.	2Q	\$0.57		\$0.60
	McDonald's	2Q	\$1.12		\$0.97
	Schlumberger	2Q	\$0.68		\$0.68
	Verizon Comm.	2Q	\$0.56		\$0.59

Source: Thompson First Call

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