

Weekly Comment

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Market Overview

The Dow Jones Industrial Average rose 326.72 points (3.24%) last week to 10,424.62 as a wave of positive earnings news overcame, in the words of Fed Chairman Ben Bernanke, an economic outlook that “remains unusually uncertain.”

In the News

E*Trade Financial (ETFC-14.36) Profitable Trading

As losses emanating from its home-loan portfolio diminished, E*Trade finally achieved a quarterly profit for the first time in three years. The stock rose about 11% for the week.

Ford Motor (F-12.72) Shifting Into High Gear

Ford Motor's second income rose 13% as it was able to reduce buyers' incentives. The Company's CEO is “cautiously optimistic” within the context of a slower than normal recovery from the recession. The stock rose about 12% for the week.

The Week Ahead

On the economics front, the numbers, whether the mixed confidence surveys or modest improvement in new home sales and consumer durable goods, point to sluggish growth. Second quarter GDP, scheduled to be reported on Friday, is expected to be reported at 2.5%. The earnings season continues with cyclical issues like DuPont, Norfolk Southern, and Corning expected to have the most notable earnings gains.

Economic Indicators

| | | Expected | Last Period |
|---------------------|------------------------------|----------|-------------|
| Monday, July 26: | June New Home Sale | 311,000 | 300,000 |
| Tuesday, July 27: | June Consumer Confidence | 51.00% | 52.90 |
| Wednesday, June 28: | June Durable Goods | 1.00% | -0.60% |
| Friday, June: 30: | Q2 GDP | 2.50% | 2.70% |
| | July Chicago PMI | 56.00% | 59.10% |
| | July Mich. Sentiment (final) | 67.00% | 66.50% |

Source: Bloomberg



Selected Corporate Earnings

| | | Period | Estimate | Year Earlier | Period |
|---------------------|----------------------|--------|----------|--------------|----------|
| Tuesday, July 27: | Aflac | 2Q | \$1.33 | | \$1.20 |
| | Dupont | 2Q | \$0.93 | | \$0.61 |
| | Lochheed Martin | 2Q | \$1.78 | | \$1.88 |
| | Norfolk Southern | 2Q | \$0.99 | | \$0.66 |
| | Occidental Petroleum | 2Q | \$1.34 | | \$0.85 |
| Wednesday, July 28: | Boeing | 2Q | \$1.01 | | \$1.41 |
| | Conoco Phillips | 2Q | \$1.56 | | \$0.97 |
| | Corning | 2Q | \$0.52 | | \$0.39 |
| | Express Scripts | 2Q | \$0.59 | | \$0.44 |
| | EMC | 2Q | \$0.27 | | \$0.18 |
| | Newmont Mining | 2Q | \$0.86 | | \$0.43 |
| | Visa | 3Q | \$0.93 | | \$0.67 |
| | WellPoint | 2Q | \$1.55 | | \$1.50 |
| Thursday, July 29: | Amgen | 2Q | \$1.30 | | \$1.29 |
| | Colgate-Palmolive | 2Q | \$1.16 | | \$1.07 |
| | Kellogg | 2Q | \$0.95 | | \$0.92 |
| | MetLife | 2Q | \$1.01 | | \$0.88 |
| | Motorola | 2Q | \$0.08 | | (\$0.01) |
| Friday, June 30: | Chevron | 2Q | \$2.45 | | \$0.87 |
| | Merck | 2Q | \$0.83 | | \$0.83 |

Source: Thompson First Call

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