

# Weekly Insights

## EVERGREEN INSIGHTS: A WEEKLY SNAPSHOT

JUNE 29, 2015

### Top News Headlines

- 1) Greek Banks Will Close as Deal Not Reached with ECB
- 2) Obamacare Upheld By US Supreme Court, Hospital Operators Rally
- 3) Thirty-Nine People Killed in ISIS Attack in Tunisia

### Economic News

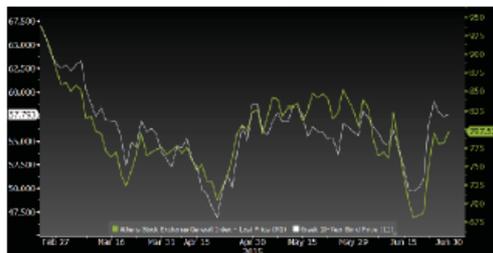
- US durable goods orders fell -1.8% in May, data very much mixed in the US
- New home sales rose to a 546k annualized pace in May, housing continues to show improvement
- Q1 GDP revised up from -0.7% to -0.2% as economy fell less than expected
- The Markit eurozone composite index rose in June, shows steady improvement in the region
- Amid record stimulus in Japan, consumer prices rise 0.5% and remain below target

### Thought of the Week

Last night, Greek Prime Minister Alexis Tsipras announced his country's banks would be closed on Monday as its negotiations with creditors have broken down. Capital controls, a measure to limit the amount of money flowing in and out of Greece, have also been imposed. To top it all off, Greece's stock market was closed today. Billions have recently been withdrawn from the Greek financial system—a trend that escalated into last weekend, pushing the sector to the brink of insolvency. Mr. Tsipras has also announced there will be a national referendum, essentially putting Greece's future in the hands of its people. Greek voters will decide whether or not to accept the latest terms from the creditors—a proposal the far left considers unacceptable. Still, most Greeks would prefer to stay in the eurozone and keep the euro as the country's currency. Whether or not that happens will ultimately come down to whether they are willing to accept tougher austerity measures in return for additional funds from the European Union. With a short trading week and lower than average trading volume, this situation will drive the markets this week. We are expecting continued volatility as the Greek referendum vote looms on July 5th.

### Chart of the Week

Greek Stocks and Greek 10-Year Bond Price



Source: Bloomberg, Evergreen Gavekal

To subscribe to Evergreen Insights, email [jliu@evergreengavekal.com](mailto:jliu@evergreengavekal.com)

Note: All returns represent total return including dividends  
YTD Market Style Returns are based on the Russell indices. Please see important disclosure on next page.

Index Levels	Friday Close 6/26/15	Prior Week 6/19/15	Year End 12/31/14	Year Ago 6/26/14
S&P 500	2101	2110	2059	1957
Dow Jones 30	17947	18016	17823	16846
Nasdaq	5081	5117	4736	4379
Russell 2000	1280	1285	1205	1181

Market Returns	1 week	1 month	YTD	1 Year
S&P 500	-0.4%	-0.9%	3.1%	9.6%
Russell 2000	-0.3%	2.2%	6.9%	9.8%
Barclays Agg	-0.9%	-1.6%	-0.9%	1.3%

MSCI World	MSCI Europe	MSCI Japan	MSCI China	MSCI Brazil	MSCI Emerging Markets
0.1%	2.9%	2.3%	0.7%	-0.9%	0.9%
-0.8%	-2.8%	-0.0%	-7.7%	-1.6%	-3.3%
5.4%	18.0%	18.9%	15.9%	-7.7%	3.7%
4.8%	19.0%	34.1%	15.9%	-28.4%	-3.8%

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	21.0	17.2	1.3	1.4
FTSE 100 (Europe)	20.8	16.0	1.1	3.9
Hang Seng (Hong Kong)	10.8	12.5	1.9	3.2

Bond Yields	Friday Close 6/26/15	Prior Week 6/19/15	Year End 12/31/14	Year Ago 6/26/14
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.71	0.62	0.67	0.47
10 Year Treasury	2.47	2.26	2.17	2.53
Investment Grade	3.93	3.81	3.70	3.45
Muni Yield	2.54	2.53	2.32	2.78
High Yield	6.38	6.33	6.80	5.32

Consumer Rates	15 Year Mortgage	30 Year Mortgage	Consumer Confidence
3.24	3.12	3.09	3.22
4.27	3.99	3.99	4.16
95.40	95.40	93.10	82.21

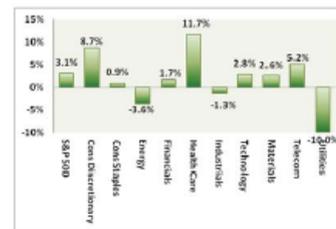
  

Commodities	Gold	Silver	WTI Crude Oil	Natural Gas
1175.6	1200.3	1184.9	1316.6	
15.8	16.1	15.7	21.1	
59.6	59.6	53.3	105.8	
2.8	2.8	2.9	4.4	

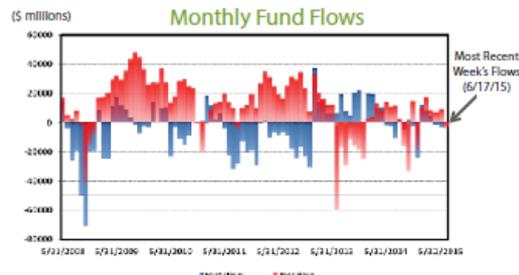
  

Currency	Dollar Index	\$ per Euro	Yen per \$	CAD per \$
95.47	94.09	90.27	80.22	
1.117	1.135	1.210	1.361	
123.84	122.70	119.68	101.73	
1.232	1.226	1.162	1.069	

### S&P 500 YTD Sector Returns



### YTD Market Style Returns



### Market question of the week:

The Greece Finance Ministry stated on Sunday that Greek banks will be closed for the next six days. What is the maximum amount local customers can withdraw from ATMs during this time? (source: WSJ)

- a) €60    b) €100    c) €160

### Trivia question of the week:

The National Retail Federation predicts more than 153 million consumers will be celebrating July Fourth with a cookout. How much are Americans estimated to spend on a barbecue or picnic this holiday weekend?

- a) 4.9 billion    b) 6.2 billion    c) 7.1 billion

EVERGREEN GAVEKAL

To subscribe to Insights, email [jliu@evergreengavekal.com](mailto:jliu@evergreengavekal.com);

Note: all returns represent total return including dividends; YTD Market Style Returns are based on the Russell indices. Please see important disclosure below:

**DISCLOSURES:** This material has been prepared or is distributed solely for informational purposes only and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Investors must make their own investment decisions based on their financial situations and investment objectives. All of the assumptions included in this presentation are based upon current market conditions as of the date of this presentation and are subject to change. Information contained in this report has been obtained from Bloomberg and Investment Company Institute (ICI) believed to be reliable, Evergreen Capital Management LLC makes no representation as to its accuracy or completeness, except with respect to the Disclosure Section of this material. Any opinions expressed herein reflect our judgment as of the

date of the materials and are subject to change without notice. Past performance is no guarantee of future results. All investments involve risk including the loss of principal.

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

The S&P 500 is a market-capitalization weighted index that includes the 500 most widely held companies chosen with respect to market size, liquidity, and industry. The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The National Association of Securities Dealers Automated Quotation (NASDAQ) System is a nationwide computerized quotation system for over 5,500 over-the-counter stocks. The index is compiled of more than 4,800 stocks that are traded via this system. The FTSE 100 Index is an index of the 100 largest companies (by market capitalization) in the United Kingdom. A market capitalization-weighted index of 40 of the largest companies that trade on the Hong Kong Exchange. The Hang Seng Index is maintained by a subsidiary of Hang Seng Bank, and has been published since 1969. The index aims to capture the leadership of the Hong Kong exchange, and covers approximately 65% of its total market capitalization. The Hang Seng members are also classified into one of four sub-indexes based on 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 Russell 3000 Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market. The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Value Index contains those Russell 1000 companies that have higher book-to-price ratios, and thus a less-than-average growth orientation, than the remaining companies in the Russell 1000 Index that encompass the Russell 1000 Growth 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 is an unmanaged index that measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer of the small-cap value market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine value probability approximates the aggregate small-cap value manager's opportunity set. The Russell 3000 Index is a market capitalization weighted index that measures the performance of the 3,000 largest U.S. companies representing approximately 98% of the investable U.S. equity market.

The Morgan Stanley Capital International (MSCI) World Index is a market capitalization weighted index composed of companies representative of the market structure of 23 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 is designed to measure the equity market performance of the developed markets in Europe. The MSCI Europe Index consists of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. The MSCI China Index covers the large and mid cap segments in the China and is constructed according to the MSCI Global Investable Market Indices Methodology. The MSCI China Index is part of the MSCI Emerging Markets Index. The MSCI Brazil Index is designed to measure the performance of the large and mid cap segments of the Brazilian market with 81 constituents.