

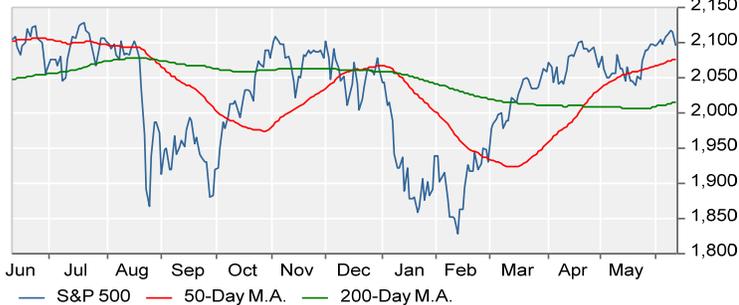
**HEADLINE NEWS**
**Busy Macro Week Highlighted by FOMC on Wednesday**

- Investor sentiment is justifiably negative to start the week after the horrific events in Orlando early Sunday morning. Adding to the risk-off theme is rising concern over the “Brexit.” With the referendum vote only ten days away, the “leave” camp has gained ground and is leading in some polls. Investors seemingly do not believe a Brexit would create a significant drawdown in stocks. According to a Goldman Sachs report, the S&P 500 options market is only pricing in a 4% chance of a correction (-10%) over the next month and only an 11% chance of a move of -5%.
- The macroeconomic calendar is full this week with a number of important items we will be watching. Tuesday’s retail sales report will be significant in determining the strength of the U.S consumer. We will also be watching the PPI and CPI reports for any signs of inflation. The highlight will be Wednesday afternoon’s FOMC policy announcement followed by a Janet Yellen press conference. We do not believe that the Fed will raise rates at this meeting, but will be monitoring for any mention of July as a “live” meeting.

**Notable Earnings Due this Week**

DATE	TIME	TICKER	COMPANY NAME
6/16	Before Market	KR-US	The Kroger Co.
6/16	After Market	ORCL-US	Oracle Corp.

Source: API

**S&P 500**

**Key Macroeconomic Data Due this Week**

Date	Time	Event	Period	Consensus	Prior
6/14	8:30 AM	Retail Sales ex-Auto SA M/M	MAY	0.4%	0.8%
6/14	8:30 AM	Retail Sales SA M/M	MAY	0.3%	1.3%
6/15	8:30 AM	PPI ex-Food & Energy SA M/M	MAY	0.1%	0.1%
6/15	8:30 AM	PPI SA M/M	MAY	0.3%	0.2%
6/15	10:30 AM	EIA Crude Oil Stocks	06/10		-3.2M
6/15	2:00 PM	FOMC Statement - United States			
6/16	8:30 AM	CPI ex-Food & Energy SA M/M	MAY	0.2%	0.2%
6/16	8:30 AM	CPI SA M/M	MAY	0.3%	0.4%
6/16	8:30 AM	Initial Claims SA	06/11	268.5K	264K

Source: API

**INDEX RETURNS (AS OF 6/10/16)**

	MTD	YTD
S&P 500	0.02	3.59
Dow Jones Ind. Avg.	0.51	3.86
Barclays MM Short 1-5 Yr.	0.23	1.14
Barclays MM 1-10 Yr.	0.48	2.25
ML US Gov/Corp 1-10 Yr.	0.72	3.03

Source: Interactive Data

**WTI Crude Oil Spot Price (\$/barrel)**

Max: 61.37 (10-JUN-15), Min: 26.19 (11-FEB-16), Last: 49.06 (10-JUN-16)


**FIXED INCOME UPDATE**
**Illinois' Ratings Fall Again**

- Ahead of a \$550 million General Obligation deal to be sold competitively on June 16<sup>th</sup>, both Moody’s and S&P downgraded the State of Illinois to Baa2 and BBB+, respectively. Both rating agencies maintained negative outlooks, indicating that additional downgrades are possible. The rating action reflects the high likelihood that Illinois will end its fiscal year on June 30<sup>th</sup> having never passed a budget and the possibility that the State begins next fiscal year without a budget as well.
- A contentious political environment between the Republican governor, Bruce Rauner, and Democrat-controlled legislature has led to an inability to address gaps between expenditures and

recurring revenues. Illinois’ liquidity continues to be pressured as well with \$7.2 billion in unpaid bills. Without a credible spending plan put into place relatively soon, lawmakers will be faced with some difficult decisions on what essential governmental services to cut. More importantly, lawmakers’ ongoing budget discussions have distracted them from tackling Illinois’ most pressing fiscal challenge – a large and growing pension liability.

- Illinois is the only state with ratings in the “BBB” category.

**APPLETON PARTNERS, INC ONE POST OFFICE SQ. BOSTON, MA 02109 TEL. 617.338.0700 WWW.APPLETONPARTNERS.COM**

*This commentary reflects the opinions of Appleton Partners based on information that we believe to be reliable. It is intended for informational purposes only, and not to suggest any specific performance or results, nor should it be considered investment, financial, tax or other professional advice. It is not an offer or solicitation. Views regarding the economy, securities markets or other specialized areas, like all predictors of future events, cannot be guaranteed to be accurate and may result in economic loss to the investor. While the Adviser believes the outside data sources cited to be credible, it has not independently verified the correctness of any of their inputs or calculations and, therefore, does not warrant the accuracy of any third-party sources or information. Specific securities identified and described may or may not be held in portfolios managed by the Adviser and do not represent all of the securities purchased, sold, or recommended for advisory clients. The reader should not assume that investments in the securities identified and discussed were or will be profitable. Any securities identified were selected for illustrative purposes only, as a vehicle for demonstrating investment analysis and decision making.*