

HEADLINE NEWS
Waiting for the Brexit Vote

- The upcoming Brexit referendum on 6/23 continues to garner a majority of the headlines and investors' attention. The "Leave" camp had gained ground over the last two weeks with a number of polls showing a small lead for those wanting Britain to leave the European Union. Market volatility spiked as investors weighed the consequences of a Leave victory. Sentiment began to shift in the middle of last week after the murder of Jo Cox, a British Member of Parliament known for her pro-immigration stance and a member of the pro-Remain movement. Polls over the weekend showed that Remain had retaken the lead, sparking a global rally in stocks to start the week.
- The consequences of a potential Brexit are difficult to predict. Investors generally fear the unknown, so volatility is likely to remain high until the referendum decision is announced on Friday morning. The direct impact to American companies should be relatively muted, with S&P 500 companies only receiving 2.9% of their revenues from the U.K. according to FactSet Research. Should the U.K. vote to leave the E.U., Article 50 of the Lisbon Treaty states that the country would have a period of two years to negotiate its future relationship with the E.U. This, in theory, could lead to a second referendum vote in which the citizens vote on the negotiated terms set forth by the E.U. If no terms are accepted within the two year period, the U.K. would be forced to leave the Union - a risky proposition. The U.K. would then have to legislate new trade agreements and treaties as an independent nation.

Notable Earnings Due this Week

DATE	TIME	TICKER	COMPANY NAME
6/21	Before Market	LEN-US	Lennar Corp.
6/21	7:00 AM	KMX-US	CarMax, Inc.
6/21	After Market	ADBE-US	Adobe Systems, Inc.
6/21	4:15 PM	FDX-US	FedEx Corp.
6/22	After Market	BBBY-US	Bed Bath & Beyond, Inc.
6/22	After Market	RHT-US	Red Hat, Inc.

Source: API

S&P 500


Source: FactSet Prices

Key Macroeconomic Data Due this Week

Date	Time	Event	Period	Consensus	Prior
6/21	10:00 AM	Yellen testifies before SBC – U.S.			
6/22	10:00 AM	Yellen testifies before HFSC – U.S.			
6/22	10:00 AM	Existing Home Sales SAAR	MAY	5,550K	5,450K
6/22	10:30 AM	EIA Crude Oil Stocks	06/17		-0.9M
6/23		- UK vote on Brexit - United States			
6/23	8:30 AM	Initial Claims SA	06/18	270K	277K
6/23	9:45 AM	Markit PMI Manufacturing SA (Prelim)	JUN	50.6	50.7
6/23	10:00 AM	New Home Sales SAAR	MAY	560K	619K
6/24	8:30 AM	Durable Orders SA M/M (Preliminary)	MAY	-0.8%	3.4%

Source: API

WTI Crude Oil Spot Price (\$/barrel)

Max: 61.05 (23-JUN-15), Min: 26.19 (11-FEB-16), Last: 48.02 (17-JUN-16)



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FIXED INCOME UPDATE
California's Economy Becomes 6th Largest in the World

- With a gross domestic product of \$2.5 trillion in 2015, the State of California's economy is now outmatched by only five countries worldwide, including the United States. California's economy grew 4.1% in 2015 and jumped the likes of France and Brazil to become the sixth largest economy in the world. The State now only trails the U.S., China, Japan, Germany, and the U.K. in size of domestic productivity.
- The figures underline not only the significance of California's economy, but the local dynamics that are driving outperformance when compared to the rest of the U.S. National growth in 2015 was only 2.4%, which includes California's outsized expansion.

INDEX RETURNS (AS OF 6/17/16)

	MTD	YTD
S&P 500	-1.11	2.42
Dow Jones Ind. Avg.	-0.50	2.82
Barclays MM Short 1-5 Yr.	0.38	1.28
Barclays MM 1-10 Yr.	0.81	2.59
ML US Gov/Corp 1-10 Yr.	0.84	3.15

Source: Interactive Data

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