

HEADLINE NEWS
Brexit Leading to Uncertainty

- Justifiably, investors spent much of the weekend discussing Thursday night's surprise Brexit vote and the short and long term ramifications. The lack of a clear blueprint for the process of leaving the European Union is leading to market volatility that has continued into Monday's trading session. Among the many unknowns that investors are left to ponder, here is what we at Appleton will be watching:
 - When will Britain invoke Article 50 of the Treaty of Lisbon? Prime Minister Cameron has stated that he wants to leave the task of starting the Brexit to his successor. This gives some hope to the Remain camp who are frantically trying to petition the government to redo the referendum. The petition has been signed by nearly 4 million citizens, meaning Parliament must at least consider debating it.
 - How strict will the E.U. be with the U.K. during negotiations over the next two years? This is an important question because if the E.U. is not strict enough, it might coax other member countries to hold their own referendum on leaving the Union. Too strict and they risk harming the economies of both the U.K. and the E.U.
 - Will other countries press to leave the E.U.? This is most likely the most important question investors have because it threatens the viability of the E.U. going forward. Given the fallout post-vote, and the fact the nearly 4 million U.K. citizens have signed a petition asking for a re-referendum, we believe other Europeans would rather avoid buyer's remorse.

Notable Earnings Due this Week

DATE	TIME	TICKER	COMPANY NAME
6/28	Unspecified	CCL-US	Carnival Corp.
6/28	4:15 PM	NKE-US	NIKE, Inc.
6/29	Before Market	MON-US	Monsanto Co.
6/30	Before Market	STZ-US	Constellation Brands, Inc.
6/30	12:00 AM	MU-US	Micron Technology, Inc.

Source: API

S&P 500

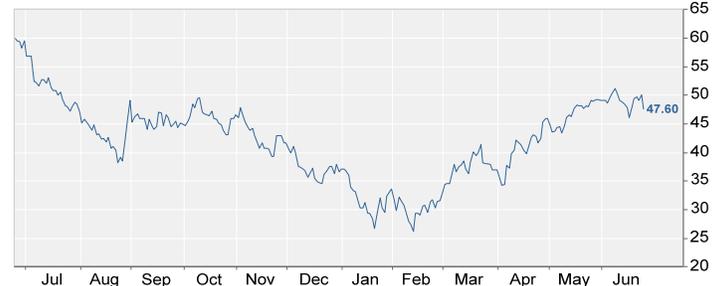
Key Macroeconomic Data Due this Week

Date	Time	Event	Period	Consensus	Prior
6/28	8:30 AM	GDP SAAR Q/Q (Final)	Q1	1%	0.8%
6/28	10:00 AM	Consumer Confidence	JUN	93.2	92.6
6/29	8:30 AM	Core PCE chained Y/Y	MAY	1.6%	1.6%
6/29	8:30 AM	PCE Chain, Monthly Growth Y/Y	MAY	1%	1.1%
6/29	10:30 AM	EIA Crude Oil Stocks	06/24		-0.9M
6/30	8:30 AM	Initial Claims SA	06/25	268K	259K
7/1	10:00 AM	ISM Manufacturing SA	JUN	51.4	51.3

Source: API

WTI Crude Oil Spot Price (\$/barrel)

Max: 60.01 (24-JUN-15), Min: 26.19 (11-FEB-16), Last: 47.60 (24-JUN-16)


FIXED INCOME UPDATE
Brexit Drops Yields Across the Curve

- In a flight to safety, bond yields dropped across the curve following the Brexit vote. The U.S. 10 Year Treasury closed at 1.74% Thursday afternoon and has dropped to 1.46% as of Monday afternoon. Many developed nations saw their sovereign debt trade to record or near-record low yields. For corporates, the risk-off trade hit spreads, particularly in the financial sector and in the high yield market. Domestic municipal bonds held their ground given how much more insulated they are from Brexit concerns. The uncertainty in the aftermath of the Brexit vote is surely to keep the FOMC on hold in their effort to normalize rates. The implied odds of a hike by February '17 have fallen to less than 12%.

INDEX RETURNS (AS OF 6/24/16)

	MTD	YTD
S&P 500	-2.71	0.76
Dow Jones Ind. Avg.	-2.05	1.22
Barclays MM Short 1-5 Yr.	0.59	1.50
Barclays MM 1-10 Yr.	1.15	2.93
ML US Gov/Corp 1-10 Yr.	1.06	3.38

Source: Interactive Data

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