

CPWM's Weekly Market Monitor is designed to provide a summary of recent market commentary and statistics.

MARKET COMMENTARY

- The S&P 500 index fell 5.1% last week as inflation data showed US consumer prices rose more than expected in May, adding to investors' concerns ahead of a rate policy meeting being held next week by the Federal Open Market Committee.
- The market benchmark ended the week at 3,900.86, down from last Friday's closing level of 4,108.54. This marks the index's second weekly decline in a row and puts the S&P 500 down 5.6% for the month of June to date. It is now down 18% for the year to date.
- Weighing on stocks, data from the Bureau of Labor Statistics showed the US consumer price index, a key inflation measure, was up 8.6% in May year over year, an acceleration from April's 8.3% increase and representing the fastest year-over-year pace since December 1981.
- On a monthly basis, the US seasonally adjusted consumer price index rose by 1% in May, larger than the 0.7% increase expected and following an April gain of 0.3%. Core CPI, which excludes food and energy prices, rose by 0.6%, faster than the consensus estimate for a 0.5% increase but even with a 0.6% rise in core CPI in April.
- The data came ahead of an FOMC meeting next week at which the central bank's policy-setting committee is expected to raise its benchmark rate by half a percentage point. An increase by the same amount is anticipated for July as well. Investors are anxious about whether Friday's data could impact the anticipated moves.
- The S&P 500's weekly drop was broad, with every sector in the red. Financials had the largest percentage drop of the week, down 6.8%, followed by a 6.4% slide in technology, a drop of 6.2% in real estate and a slide of 6.1% in consumer discretionary. Energy had the smallest decline of the week, down 0.9%, as futures in natural gas and crude oil climbed week over week.
- The decliners in the financial sector included Charles Schwab (SCHW), down 11% on the week, and PNC Financial Services (PNC), down 8.6%.
- In technology, shares of Intel (INTC) fell 9.7% as a Reuters report citing an internal memo said the chip maker has suspended hiring in the division overseeing PC desktop and laptop chips for at least two weeks. Intel paused all hiring and put all job requisitions on hold in a bid to re-evaluate priorities, the report said, citing the memo.
- In the energy sector, Valero Energy (VLO) shares rose 3.8% on the week, helping limit the sector's decline, as Credit Suisse raised its price target on the stock to \$145 per share from \$120. Credit Suisse maintained an investment rating of outperform on the stock.
- Next week, while the FOMC meeting will take center stage, investors will also be focusing on data including May retail sales, building permits, housing starts and leading economic indicators.

ASSET CLASS / BENCHMARK	1 WEEK	1 MONTH	YTD	1 YEAR
<b>Investment Grade Fixed Income</b>				
iShares Short-Term National AMT-Free Muni Bond ETF	(0.1)	1.2	(2.2)	(2.4)
iShares National AMT-Free Muni Bond ETF	(1.3)	1.1	(7.7)	(7.8)
iShares Core US Aggregate Bond ETF	(1.5)	(0.9)	(10.5)	(10.6)
<b>Global Equity</b>				
iShares MSCI ACWI	(4.7)	(0.7)	(17.3)	(12.5)
<b>U.S. Equity</b>				
iShares Core S&P 500 ETF	(5.1)	(2.3)	(17.7)	(6.8)
iShares Russell Mid Cap ETF	(5.1)	(0.1)	(17.4)	(12.3)
iShares Russell 2000 ETF	(4.3)	2.4	(19.3)	(21.3)
iShares Core U.S. Value ETF	(4.2)	(0.7)	(8.2)	(3.0)
iShares Core U.S. Growth ETF	(5.7)	(3.4)	(25.7)	(11.3)
<b>Foreign Equity</b>				
iShares MSCI EAFE ETF	(5.1)	0.6	(15.9)	(16.5)
iShares MSCI EAFE Small Cap ETF	(5.3)	0.5	(20.3)	(22.0)
iShares MSCI EAFE Value ETF	(4.9)	1.3	(6.9)	(10.4)
iShares MSCI EAFE Growth ETF	(5.4)	0.0	(24.7)	(23.0)
<b>Emerging Markets Equity</b>				
iShares MSCI Emerging Markets ETF	(2.1)	3.9	(15.1)	(24.1)
iShares MSCI Emerging Markets Small Cap ETF	(3.4)	0.0	(15.1)	(16.4)
<b>"Other" Asset Classes</b>				
iShares U.S. Real Estate ETF	(5.6)	(1.0)	(19.8)	(10.1)
iShares International Developed Real Estate ETF	(5.0)	0.1	(16.4)	(21.1)
SPDR Barclays High Yield Bond ETF	(3.9)	(1.9)	(12.1)	(10.6)
iShares S&P GSCI Commodity Indexed Trust	0.3	13.8	52.0	63.2

## IMPORTANT NOTES

ALL COMMENTARY SOURCED FROM YCHARTS WEEKLY MARKET PULSE AND ARE TO BE USED FOR INFORMATIONAL PURPOSES ONLY.

PRIOR PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. INDIVIDUAL INVESTOR PERFORMANCE MAY VARY. ALL INVESTING INVOLVES THE RISK OF LOSS INCLUDING THE POSSIBLE LOSS OF ALL AMOUNTS INVESTED. DIFFERENT TYPES OF INVESTMENTS INVOLVE VARYING DEGREES OF RISK, AND THERE CAN BE NO ASSURANCE THAT ANY SPECIFIC INVESTMENT WILL BE PROFITABLE.

MARKET-RELATED DATA INCLUDED IN CHARTS AND GRAPHS IS SOURCED FROM YCHARTS.

ALL RETURNS REFERENCED ARE EXCHANGE TRADED FUNDS (ETFs) DESIGNED TO TRACK A PARTICULAR INDEX OR BENCHMARK. THERE CAN BE NO GUARANTEE THE ETFs ACHIEVE THEIR OBJECTIVE. BENCHMARK DESCRIPTIONS PROVIDED BELOW.

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## EXCHANGE TRADED FUND DESCRIPTIONS:

- THE iSHARES SHORT-TERM NATIONAL AMT-FREE MUNI BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF INVESTMENT-GRADE U.S. MUNICIPAL BONDS WITH REMAINING MATURITIES BETWEEN ONE MONTH AND FIVE YEARS.
- THE iSHARES NATIONAL AMT-FREE MUNI BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF INVESTMENT-GRADE U.S. MUNICIPAL BONDS.
- THE iSHARES CORE U.S. AGGREGATE BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF THE TOTAL U.S. INVESTMENT-GRADE BOND MARKET.
- THE iSHARES MSCI ACWI ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE AND MID-CAPITALIZATION DEVELOPED AND EMERGING MARKET EQUITIES.
- THE iSHARES CORE S&P 500 ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE-CAPITALIZATION U.S. EQUITIES.
- THE iSHARES RUSSELL MID-CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF MID-CAPITALIZATION U.S. EQUITIES.
- THE iSHARES RUSSELL 2000 ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION U.S. EQUITIES.
- THE iSHARES CORE U.S. VALUE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF A BROAD-BASED INDEX COMPOSED OF U.S. EQUITIES THAT EXHIBIT VALUE CHARACTERISTICS.
- THE iSHARES CORE U.S. GROWTH ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF A BROAD-BASED INDEX COMPOSED OF U.S. EQUITIES THAT EXHIBIT GROWTH CHARACTERISTICS.
- THE iSHARES MSCI EAFE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE-, MID- AND SMALL-CAPITALIZATION DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA.
- THE iSHARES MSCI EAFE SMALL CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA.
- THE iSHARES MSCI EAFE VALUE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA, THAT EXHIBIT VALUE CHARACTERISTICS.
- THE iSHARES MSCI EAFE GROWTH ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA, THAT EXHIBIT GROWTH CHARACTERISTICS.
- THE iSHARES MSCI EMERGING MARKETS ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE- AND MID-CAPITALIZATION EMERGING MARKET EQUITIES.
- THE iSHARES MSCI EMERGING MARKETS SMALL CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION EMERGING MARKET EQUITIES.
- THE iSHARES U.S. REAL ESTATE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF U.S. EQUITIES IN THE REAL ESTATE SECTOR.
- THE iSHARES INTERNATIONAL DEVELOPED REAL ESTATE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF REAL ESTATE EQUITIES IN DEVELOPED NON-U.S. MARKETS.
- THE SPDR® BARCLAYS HIGH YIELD BOND ETF SEEKS TO PROVIDE INVESTMENT RESULTS THAT, BEFORE FEES AND EXPENSES, CORRESPOND GENERALLY TO THE PRICE AND YIELD PERFORMANCE OF THE BARCLAYS HIGH YIELD VERY LIQUID INDEX.
- THE iSHARES S&P GSCI COMMODITY INDEXED TRUST SEEKS TO TRACK THE RESULTS OF A FULLY COLLATERALIZED INVESTMENT IN FUTURES CONTRACTS ON AN INDEX COMPOSED OF A DIVERSIFIED GROUP OF COMMODITIES FUTURES.