Eye on the Market Express: July 2015

MARKET DATA				
	June	3 Mo.	YTD	1 Year
S&P 500	-2.10%	-0.23%	0.20%	5.25%
Russell 2000	0.60%	0.09%	4.09%	5.11%
NASDAQ	-1.64%	1.75%	5.30%	13.13%
MSCI EAFE ($ basis)	-2.98%	-0.37%	3.81%	-6.57%
MSCI EAFE (local)	-4.57%	-2.79%	7.05%	9.03%
UK (FTSE)	-6.63%	-3.72%	-0.69%	-3.31%
Germany (DAX)	-4.11%	-8.53%	11.62%	11.31%
Japan (NIKKEI)	-1.59%	5.36%	15.96%	33.46%
MSCI Emerging Markets ($ basis)	-3.18%	-0.24%	1.67%	-7.47%
Barclays Aggregate	-1.09%	-1.68%	-0.10%	1.86%

NPH Due Diligence: All market data as of the end of June 2015. Quoted index returns are based on month end index prices (in local currency except where noted) and do not include dividends.

U.S. ECONOMIC DATA				
	June	Prior Month	Beginning of Year	1 Year Prior
10 year Treasury Yield	2.34%	2.10%	2.17%	2.53%
Gold (London pm fixing per ounce in dollars)	1,171	1,191	1,199	1,315
Oil ($ per barrel)	58.77	60.30	53.27	105.37
VIX Index	18.23	13.84	12.80	11.57

All economic and market data as of the end of June 2015.

The Federal Open Market Committee (FOMC) concluded its June monetary policy meeting by keeping the benchmark Federal Funds rate unchanged in a range of 0-0.25%. In its prepared statement, the FOMC reiterated that, "The Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen further improvement in the labor market and is reasonably confident that inflation will move back to its 2 percent objective over the medium term." In her press conference following the FOMC announcement, FOMC chief Janet Yellen stated that a decision on a rate hike will be made on a meeting-by-meeting basis and that far too much attention is being placed on the timing of the first rate increase when what is more important is the pace of tightening, which at this point is projected to be quite slow. Yellen continued by saying that she would like to see evidence of a more sustained pace of moderate economic growth before beginning the process of increasing rates. The FOMC also released its updated Fed Funds and economic projections in conjunction with the conclusion of the monetary policy meeting. Each of the 17 FOMC members provided their projections on economic activity which were little changed from March. The FOMC members predicted that the Federal Funds rate will be at 0.625% at the end of 2015, suggesting the potential for two interest rate increases between now and the end of the year. Just 2 out of 17 FOMC members see the central bank waiting to increase interest rates until 2016 although the decision of when to raise interest rates will be largely data dependent.

The U.S. economic data released in June was mixed. One of the larger positive surprises, was the May nonfarm payroll report which showed a gain of 280,000 jobs beating economist expectations of 225,000 new positions. Despite the faster job growth, the unemployment rate ticked up to 5.5% from 5.4% due to an increase in labor force participation while average hourly earnings rose by $0.08 to $24.96, a gain of 2.3% year-over-year. Other economic releases which beat expectations included April readings of personal income and construction spending, May retail sales, leading economic indicators, existing home sales and new home sales and June consumer confidence. Not all economic news was positive as several economic releases missed economist expectations including April reports on factory orders and the S&P Case-Shiller Home Price Index, May industrial production, housing starts, durable goods and pending home sales and June manufacturing with the PMI Manufacturing Index while still showing overall growth, fell to its lowest level since October 2013. Meanwhile, inflation figures were in-line with expectations with the core readings for both consumer and producer prices rising by 0.1% in May.

Domestic equity markets started off the month with strong gains as the NASDAQ and Russell 2000 both reached new all-time highs before succumbing to profit taking and declines due to concerns over potential defaults by Greece and Puerto Rico. By the end of the month, the benchmark S&P

500 fell 2.1% and the NASDAQ composite dropped 1.6%. Small cap stocks, as measured by the Russell 2000 Index, ended with a 0.6% rise in June. For the first six months of 2015, the S&P 500 managed a 0.2% gain, its slowest price increase in the first half of a year since 2010. The S&P 500 also broke a nine consecutive quarter winning streak, falling by 0.2% for the second quarter. Despite the slow start to the year, the S&P 500 remains 200% above levels seen in March 2009 as corporate earnings have more than doubled in the period. Most sectors within the S&P 500 fell during June with the largest declines being found in the interest-rate sensitive utility sector which fell 6% and the technology and materials sectors which experienced 4% declines. The lone sector which saw an increase in value in June was consumer discretionary which rose 0.6% while financials and health care saw the smallest declines dropping by 0.3%. On a year-to-date basis, the health care sector has performed best with a nearly 10% gain on continued consolidation while utilities have fallen nearly 11% after being the strongest performing sector in 2014 when it was up 29%.

International stocks fell during June with the benchmark MSCI EAFE Index falling by 4.6% on a local currency basis which when translated into dollars resulted in a 3.0% drop as the dollar weakened during the month against several developed currencies. International markets were mostly higher to start the month but then dropped sharply over concerns that Greece may default on its sovereign debt. Greece's Prime Minister, Alex Tsipras, called for a national referendum to be held on July 5 to allow for the country's voters to decide whether to continue with capital controls and to pay back creditors. The Greek government also announced that their stock market would be closed during the week of June 29 until the referendum vote is completed and that ATM withdrawals for in-country cards would be limited to €60/day. On June 30, the Greek government failed to make a $1.7 billion payment due to the IMF putting the country into "arrears" and making them the first developed country to ever miss a payment to the IMF. Other European news was generally positive with Markit reporting that the Eurozone grew at its fastest pace in four years in June boosted by economic momentum in Germany and France. Inflation in the Eurozone also showed positive signs as consumer prices rose for the first time in six months in May. Meanwhile, the Bank of England kept their benchmark interest rate unchanged at 0.5%. European bourses fell during the month with the German DAX Index falling by 4.1% while the U.K. FTSE Index declined 6.6%. Despite the significant losses for the month, the German DAX Index remains one of the best performing developed indices for the year up 11.6%. The Bank of Japan left its massive monetary stimulus package (¥80T per year in asset purchases) in place during June while reiterating their expectation that inflation may reach their 2% target in a period from April-September 2016. Japanese growth accelerated in the first quarter with GDP expanding at an annualized pace of 3.9%, up from 1.5% in the fourth quarter. Japanese stocks briefly reached new 18-year highs as the Japanese Nikkei touched 20,952 only to finish with a decline of 1.6% for the month. Emerging market equities also fell during June with the MSCI Emerging Markets Index dropping 3.2%. Declines were broad-based with the only major emerging markets to register gains being commodity-sensitive South Africa and Brazil. Central banks in China, Russia and South Korea lowered rates during the month in response to slowing economic activity while the Brazilian central bank raised rates to try to bring inflation down despite a contracting economy. In South Korea, the government announced a 15T won stimulus package to try to cushion the economic impact of the deadly MERS virus which had significantly slowed economic activity in the country. Chinese stocks had a roller coaster ride during June with the country's (Shanghai and Shenzhen) markets briefly exceeding a market cap of $10.3 trillion (second largest in the world) or more than double the level of a year earlier only to fall more than 20% late in the month.

Fixed income prices fell during June with the benchmark Barclays Aggregate Bond Index falling by 1.1%, in response to rising interest rates as market participants prepare for the FOMC to potentially begin to tighten monetary policy later this year or next year. The decline in the Barclays Aggregate Bond Index reverses gains of earlier in the year as the index now registers a 0.1% contraction year-to-date. The yield on the benchmark 10-year Treasury note rose by 24 basis points during June to finish at 2.34%. As one would expect, longer duration fixed income had the largest moves during the month with long duration treasuries falling by nearly 4%, bringing their year-to-date price decline to nearly 5%. High-yield bonds fell by 1.5% during the month as U.S. junk bond defaults rose to their highest level since October 2009 due to price declines in energy and metals. In the second quarter, 93% of all credit defaults were from the energy and mining sectors. Late in the month, Puerto Rico debt fell sharply as the commonwealth's governor, Alejandro Garcia Padilla, called for a delay of payments on the island's $72 billion debt load for a number of years to try to revive their economy. Padilla also appealed to the federal government to make "concrete changes" in

bankruptcy rules to allow for Puerto Rico to seek bankruptcy protection. Current U.S. law allows for bankruptcy of U.S. cities and municipalities but states and Puerto Rico are barred from protection under bankruptcy law. Despite Padilla's comments, Puerto Rico went ahead with a scheduled $645.2 million payment of general obligation debt on July 1. Despite the Puerto Rico news, municipal indices outperformed for the month with the Barclays Municipal Index falling 0.1%.
Commodity prices were mostly higher during June with the benchmark Reuters/Jefferies CRB Index rising by 1.8%, although the index remains down 1.2% year-to-date. A significant price rise in most agricultural commodities during June due to wet weather in the central U.S. was responsible for most of the gain in commodity prices as wheat, corn, cocoa and soybeans all rose more than 5%.

Meanwhile, energy prices were lower with NYMEX crude oil futures falling by 2.5% in response to steady OPEC production and global economic concerns. Metal prices also fell with gold dropping by nearly 2% to $1,171 per ounce. Finally, volatility, as measured by the VIX index, rose in June, with the index finishing at 18.23.

IMPORTANT DISCLOSURES:

The Market Update has been prepared by National Planning Holdings, Inc. (NPH), for use by its affiliated broker-dealers which includes NPC, member FINRA, SIPC. This Update is for informational purposes only – any mention of any security, index, and corporation is not meant as a solicitation to buy or sell any security, or any investment related to any corporation mentioned in this Update. Securities offered through National Planning Corporation ® (NPC of America^{SM} in FL & NY) Member FINRA/SIPC.

Opinions, Forecasts and Statistical Information. All expressions of opinions and forecasts expressed in this Market Update are based on assumptions we feel are reasonable. However, these opinions and forecasts may or may not actually come to pass. This information is subject to change at any time, based on market or other conditions and should not be construed as a recommendation. Undue reliance should not be placed on forward-looking statements because, by their nature, they are subject to known and unknown risks and uncertainties. Past performance does not guarantee future results. NPH, its affiliates, officers, directors or their employees may in the normal course of business, have a position in any securities mentioned in this report. This Update also contains statistical information related to the performance of certain indices which are presented for illustrative purposes only as factors that may have an impact on today's economic environments. Keep in mind individuals cannot invest directly in any index, and index performance does not include transaction cost or other fees, which will affect actual investment performance. Individual investor's results will vary. See the table below for a description of the indices used in this Update.

Risks of Investing. Both stock and bond investing are subject to risks, including the possibility you may lose money and include credit, interest rate and inflation risk. Stock or bond market investing may not be suitable for all investors. Certain investments including international investments, global or emerging markets, securities of small to middle sized companies, companies with low quality industry ratings, commodities, foreign currencies are subject to a higher degree of risk than more conservative investments and thus may only be suitable for the more speculative investor. International investments are subject to special risks, such as political unrest, economic instability, and currency fluctuations.

Securities products are Not FDIC/NCUA Insured; Are Not Guaranteed By Any Bank or Credit Union, and May Lose Value. NPC is not affiliated with any bank or credit union.

Affiliate Disclosure. Please note that NPH and NPC are affiliates of Jackson National Life Insurance Company and Curian Capital LLC.

INDEX	DESCRIPTION
10 Year Treasury	The closing yield on 10-year Treasury notes calculated on a daily basis. Data sourced from the Federal Reserve.
Barclays Capital Aggregate Bond Index	A broad based index used to represent performance of investment grade bonds traded in the United States. The index includes Treasury securities, government related and corporate securities, mortgage-backed securities and asset-backed securities.

Barclays Municipal Bond Index	An unmanaged index considered representative of the tax-exempt bond market.
BofAML Masters II High Yield Index	An unmanaged index tracks the performance eof below investment grade, but not in default, U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P.
Conference Board Consumer Confidence	An indicator used to measure consumer confidence in the economy produced by the Conference Board on a monthly basis based upon a survey of 5,000 households.
DAX (Germany)	A total return index of 30 selected German blue chip stocks traded on the Frankfurt Stock Exchange.
Dow Jones Industrial Average	An unmanaged index of 30 widely held securities.
Federal Funds Rate	Targeted interest rate at which depository institutions lend to each other overnight. The rate is targeted by the Federal Open Market Committee (FOMC).
FTSE (UK)	A capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange.
FTSE NAREIT All REITs Index	Market capitalization weighted index that includes all tax-qualified REITs listed on the New York Stock Exchange.
GDP	A measure of broad economic output in the United States produced by the US Bureau of Economic Analysis on a quarterly basis with revisions made monthly.
Gold	Value of gold based upon the afternoon fix (15:00 GMT) in London each afternoon.
ISM	A measure of manufacturing activity reported by the Institute of Supply Management each month. A reading over 50 signifies growth in manufacturing during the month.
MSCI EAFE	A widely accepted benchmark of foreign stocks. It comprises 21 MSCI country indices, representing the developed markets outside North America: Europe, Australasia and the Far East.
MSCI Emerging Markets	A widely accepted benchmark of emerging markets stocks. It is a float-adjusted market capitalization index designed to measure equity market performance in the global emerging markets.

NASDAQ	An unmanaged index of all stocks traded on the NASDAQ over-the-counter market.
Nikkei (Japan)	An unmanaged price-weighted index of 225 widely held stocks listed in Japan.
Oil	Closing value of light, sweet crude oil futures in the near month.
Retail Sales	A measure of retail sales compiled monthly by the US Department of Commerce
Russell 2000	An unmanaged index of small cap securities.
S & P 500	An unmanaged index of 500 widely held stocks.
Shanghai Composite	Index of all listed (A and B share class) stocks traded on the Shanghai Stock Exchange.
Thomson-Reuters Jefferies CRB Index	A widely accepted benchmark of commodity prices. The index is designed to provide a representation of long-only broadly diversified investment in commodities.
Unemployment	A measure of unemployment compiled monthly by the US Bureau of Labor Statistics.
VIX Index	Measure of market expectations of near-term volatility based on S&P 500 stock option prices.