

## Economic Calendar

**Monday, July 19**  
NAHB Home Builders' Index.

**Tuesday, July 20**  
Housing Starts, Building Permits.

**Wednesday, July 21**  
Mortgage Activity.

**Thursday, July 22**  
Jobless Claims, Chicago Fed National Activity, Leading Indicators, Existing Homes Sales.

**Friday, July 23**  
IHS Markit Flash Manufacturing & Services PMI.

## The Latest from @CeteraIM

[Inflation Spikes](#)

[Jobless Claims Decline](#)

[Public Transit Use Climbs](#)

# WEEKLY RECAP

July 12-16, 2021 Recap

## Delta Variant, Inflation Weigh on Stocks

### *Equities Decline from Record Levels*

After finishing the prior week at all-time highs, all three major U.S. equity indices finished this past week lower. Concerns around the Delta variant resurfaced as mask mandates in parts of the country are beginning to be implemented once again. Inflation was also a concern as economic data released last week confirmed these concerns. Companies have started to release second quarter earnings, so attention may shift to these releases this week.

### *For the Week...*

The S&P 500 fell 0.96% last week, the Dow Industrials dropped 0.52% and the tech-heavy Nasdaq Composite shed 1.87%. Mid cap stocks retreated 2.81% for the week, while the small cap-focused Russell 2000 fell 5.11%.

### *Producer Prices Surge in June*

The producer price index (PPI) rose 1% last month (+0.6% expected) and a record 7.3% year-over-year (+6.7% expected). The PPI has risen by 0.6% or more for six straight months. The core PPI (excludes food & energy) also rose 1% (a record high) and is up 5.6% from a year ago. Last week's higher-than-expected CPI inflation report is reflective of firms passing these rising input costs to customers.

### *Top Weekly Gainer: Utilities*

Eight of the 11 major S&P 500 sector groups posted losses last week, led to the downside by Energy (-7.69%), Consumer Discretionary (-2.63%) and Materials (-2.34%). Utilities (+2.56%) rose the most, while Consumer Staples (+1.25%) and Real Estate (+0.67%) also gained.

### *Treasury Yields Flatten*

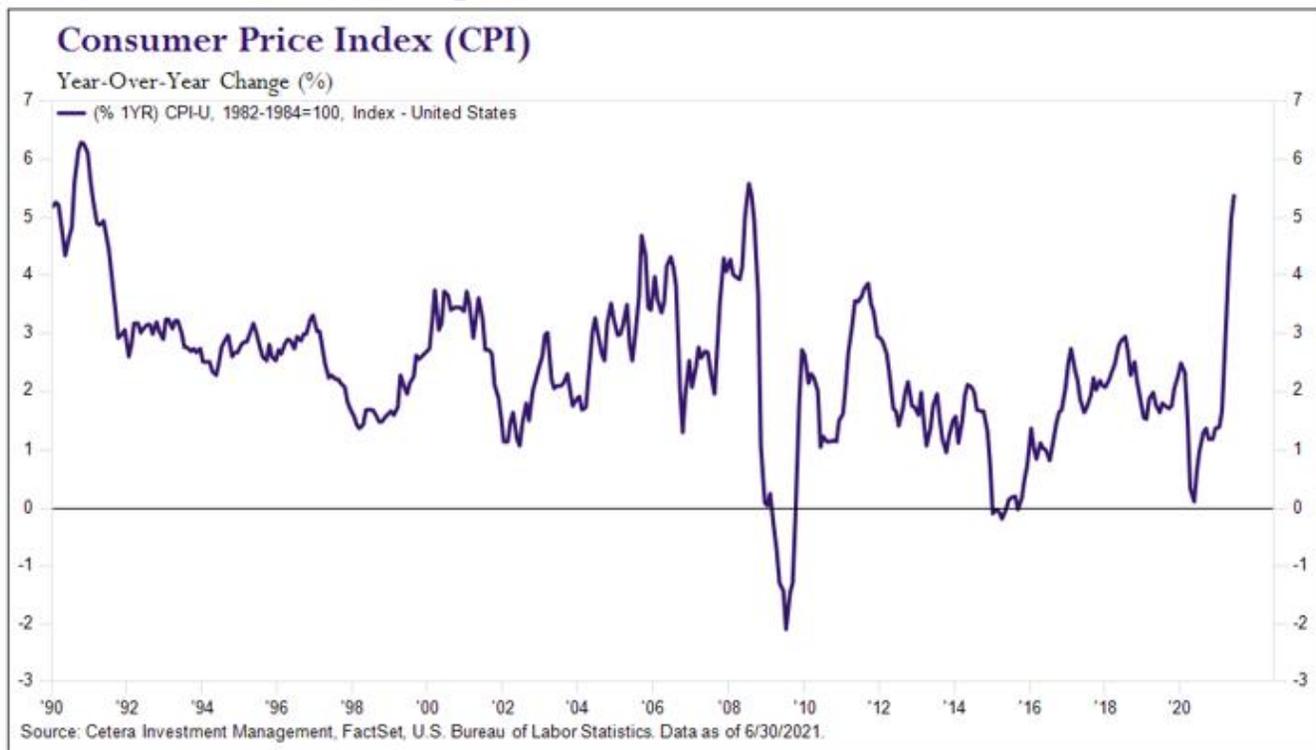
Benchmark 10-year yields extended its streak into a fourth week falling another 0.06% to finish the week at 1.31%. Shorter maturity Treasury yields rose as the 2-year treasury yield bumped up slightly to 0.25%. Bond investors are preparing for more inflation in the near term but seem to think it will be short-lived and are adjusting growth expectations downward further in the future. The U.S. Dollar Index strengthened by 0.60% last week. U.S. WTI crude oil futures ended 3.64% lower last week, finishing at \$71.81/barrel.

## Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-0.52	0.54	1.42	13.33	29.77	11.44
S&P 500	-0.96	0.75	3.75	16.12	36.69	17.79
NASDAQ Composite	-1.87	-0.51	2.84	12.33	38.77	23.88
Russell 3000	-1.51	-0.18	2.65	14.91	38.72	17.54
Russell 2000	-5.11	-6.35	-4.17	10.07	49.01	10.26
MSCI EAFE	-0.46	-0.07	0.84	8.76	27.04	7.99
MSCI Emerging Markets	1.72	-2.29	0.12	4.99	30.49	10.25
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Barclays Agg Bond	0.24	0.68	1.66	-0.94	-0.48	5.48
Barclays Municipal	0.04	0.70	1.18	1.77	3.94	5.21
Barclays US Corp High Yield	-0.15	0.25	2.07	3.88	13.33	7.35
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	1.00	-0.11	9.14	21.01	42.19	5.71
S&P GSCI Crude Oil	-3.64	-2.60	13.25	47.49	74.90	2.18
S&P GSCI Gold	0.38	2.68	2.19	-4.01	-0.41	13.31

Source: Morningstar

## Chart of the Week: Inflation Highest Since 2008



The consumer price index (CPI) rose 0.9% in June and 5.4% year-over-year (YoY). It was the largest annual gain since 2008. Core CPI (excluding food and energy) also increased 0.9% last month but expanded at its highest rate YoY since 1991 (4.5%). While short-term economic reopening and supply-chain disruptions will likely subside in the upcoming months, inflation could settle to a rate that was higher than pre-pandemic norms because of rising housing and rental costs.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](https://twitter.com/CeteraIM) on Twitter.

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### ***Glossary***

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It

includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg Barclays US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.