

WEEKLY RECAP

July 19-23, 2021 Recap

Economic Calendar

Monday, July 26

New Home Sales.

Tuesday, July 27

Durable Goods Orders,
S&P Case-Shiller Home
Prices, Consumer
Confidence.

Wednesday, July 28

Mortgage Activity, Advance
Goods Trade Balance,
FOMC Rate & Policy
Decisions (2 PM EST).

Thursday, July 29

Jobless Claims, Q2 GDP
(first estimate), Pending
Home Sales.

Friday, July 30

Personal Income/Spending,
PCE Core Inflation, MNI
Chicago Business Activity,
Consumer Sentiment.

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[Equity Valuations Near
2000 Levels](#)

[Consumer Confidence
Constraints](#)

New Equity Milestones

S&P 500 Posts Seventh Weekly Gain in Past Nine Weeks

Equities rebounded last week with all three major U.S. equity indices finishing at fresh all-time highs as better-than-expected earnings trumped early-week concerns over rising Delta variant caseloads. On Monday, the viral scare drove the Dow Industrials down 725 points for its worst single-day loss of 2021 but by Tuesday, earnings optimism ignited a four-day rebound that was led most from stay-at-home themed companies.

For the Week...

The S&P 500 advanced 1.97% to clinch its 40th record high this year. The Dow Industrials netted a 1.08% gain, topping 35,000 for the first time. Notably, the Dow marked its fastest 5,000-point runup, taking just 165 trading days to reach 35K from 30K. Lastly, the tech-heavy Nasdaq Composite surged 2.84%.

2Q Earnings Insights

The second quarter reporting season has been exceptionally strong with nearly 88% of S&P 500 companies reporting positive EPS surprises, according to FactSet. If the current earnings pace holds, it would mark the highest “surprise beat-rate” since FactSet began tracking it in 2008. This week is the busiest of the 2Q earnings season with results due out from 169 companies (48% of the S&P 500’s market cap), including five of the largest mega cap tech stocks.

Top Weekly Gainer: Communication Services

Nine of the 11 major S&P 500 sector groups posted gains last week, led by Communication Services (+3.24%), Consumer Discretionary (+2.87%) and Technology (+2.78%). Financials (+0.33%) and Real Estate (+0.10%) gained the least, while Utilities (-0.87%) and Energy (-0.33%) declined.

Treasury Yields Weaken

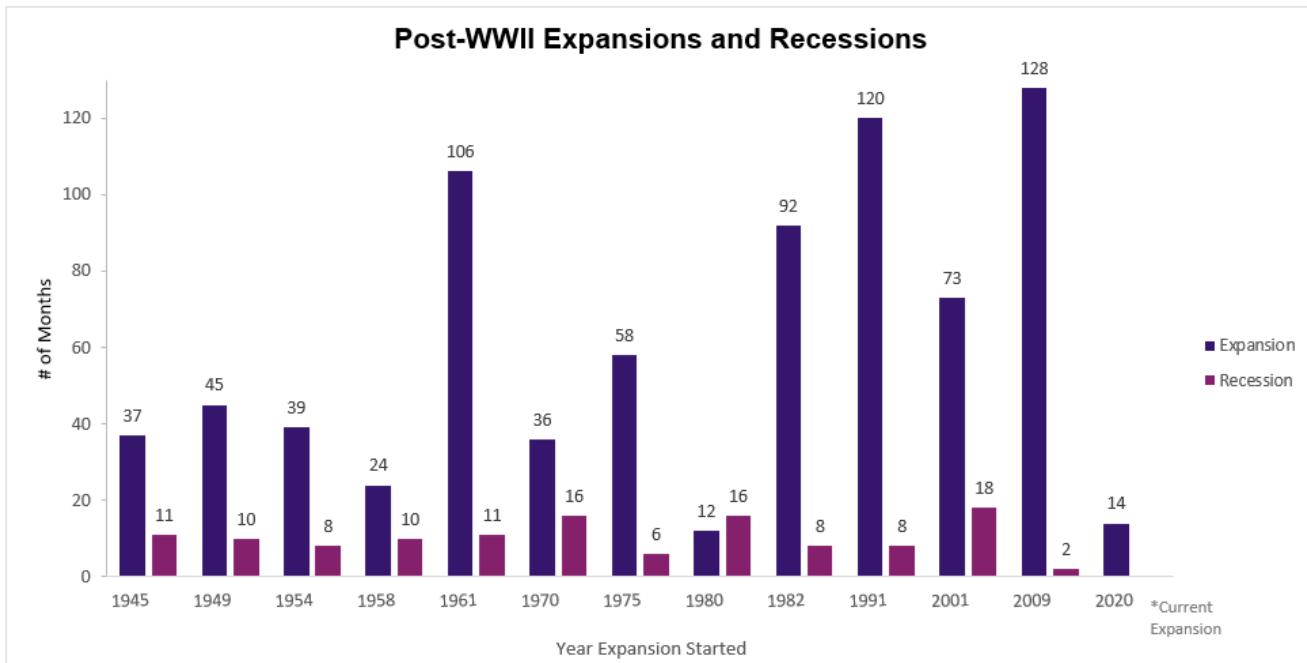
Benchmark 10-year Treasury yields again extended its downward spiral into a fifth week, falling another three basis points to finish Friday at 1.28%. On an intra-week basis, on Monday the benchmark yield touched 1.126%, its lowest since February amid the escalation of Delta variant infections that threaten economic growth assumptions. U.S. WTI crude oil futures prices gained 0.71% last week, ending at \$72.07/barrel.

Market Watch

| Stocks | 1-Week | MTD | 3-Month | YTD | 1-Year | 3-Year |
|-----------------------------|--------|-------|---------|-------|--------|--------|
| Dow Jones Industrial Avg. | 1.08 | 1.62 | 2.99 | 14.56 | 31.58 | 11.87 |
| S&P 500 | 1.97 | 2.74 | 5.91 | 18.41 | 38.50 | 18.43 |
| NASDAQ Composite | 2.84 | 2.32 | 6.03 | 15.53 | 42.89 | 24.85 |
| Russell 3000 | 2.19 | 2.01 | 4.93 | 17.43 | 40.62 | 18.23 |
| Russell 2000 | 2.15 | -4.34 | -2.51 | 12.44 | 49.89 | 10.61 |
| MSCI EAFE | 0.20 | 0.14 | 1.46 | 8.98 | 25.73 | 7.91 |
| MSCI Emerging Markets | -2.09 | -4.34 | -2.32 | 2.79 | 23.94 | 9.47 |
| Bonds | 1-Week | MTD | 3-Month | YTD | 1-Year | 3-Year |
| Barclays Agg Bond | 0.19 | 0.87 | 1.73 | -0.75 | -0.69 | 5.72 |
| Barclays Municipal | 0.09 | 0.79 | 1.21 | 1.86 | 3.64 | 5.26 |
| Barclays US Corp High Yield | 0.07 | 0.32 | 2.17 | 3.95 | 11.56 | 7.33 |
| Commodities | 1-Week | MTD | 3-Month | YTD | 1-Year | 3-Year |
| Bloomberg Commodity | 1.33 | 1.22 | 8.25 | 22.62 | 40.59 | 5.82 |
| S&P GSCI Crude Oil | 0.71 | -1.91 | 15.98 | 48.54 | 75.55 | 2.01 |
| S&P GSCI Gold | -0.73 | 1.94 | 1.58 | -4.71 | -5.82 | 13.52 |

Source: Morningstar

Chart of the Week: End of Recession Declared



Source: Cetera Investment Management, National Bureau of Economic Research (NBER). Data as of 6/30/2021.

The National Bureau of Economic Research released a statement last week declaring the recession over as of April 2020. The pandemic-induced recession was the shortest on record, lasting only two months. While brief, it was extremely severe based on loss of economic output and job loss. The expansion leading into the recession was the longest on record at 128 months. There have been 12 recessions in the post-war era, with an average duration of 10 months.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@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.