

Economic Calendar

Monday, August 3
ISM Manufacturing,
Construction Spending.

Tuesday, August 4
Durable Goods Orders,
Factory Orders.

Wednesday, August 5
Mortgage Activity, ADP
Private-Sector Jobs, Trade
Deficit, ISM Non-Mfg.

Thursday, August 6
Jobless Claims, Challenger
Job Cuts/Layoffs.

Friday, August 7
July Nonfarm Payrolls,
Unemployment Rate,
Wholesale Trade.

What We're Reading

[Stimulus Talks Continue](#)

[Fitch Cuts US Credit
Outlook to Negative](#)

[Oil Climbs in July as Output
Reduced](#)

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WEEKLY RECAP

July 27-31, 2020 Recap

Equities Rebound, Technology Rips

Stocks Post Solid Gains

U.S. benchmark S&P 500 equities rebounded last week, resuming a bullish trend after falling 0.27% the week prior. Stocks ended Friday with solid gains, lifted by stellar earnings reports from four of the five largest U.S. companies. Investor sentiment had earlier weakened after a downbeat reading on consumer confidence, adding to concerns over a record-setting 32.9% year-over-year plunge in America's gross domestic product (GDP).

Weekly Performance

For the week, the S&P 500 climbed 1.75%, the Nasdaq Composite jumped 3.70%, while the Dow Industrials slipped 0.16%. The S&P 500 posted its fourth consecutive monthly gain, up 5.6% last month.

Consumer Sentiment Slips

The University of Michigan's final reading of consumer sentiment slipped to 72.5 from a preliminary estimate of 72.9 and down from 73.2 in June. Survey respondents became more worried about the economy during the final two weeks of July after the pace of new daily COVID-19 infections stirred angst.

Technology Performed Best

Sector performance was mixed again last week, with seven of the 11 S&P 500 sector groups posting gains. Technology (+5.00%), Real Estate (+4.12%), and Consumer Discretionary (+2.07%) took top honors, while Energy (-4.10%), Materials (-1.78%), and Financials (-0.87%) fell the most.

Treasury Prices Tick Higher

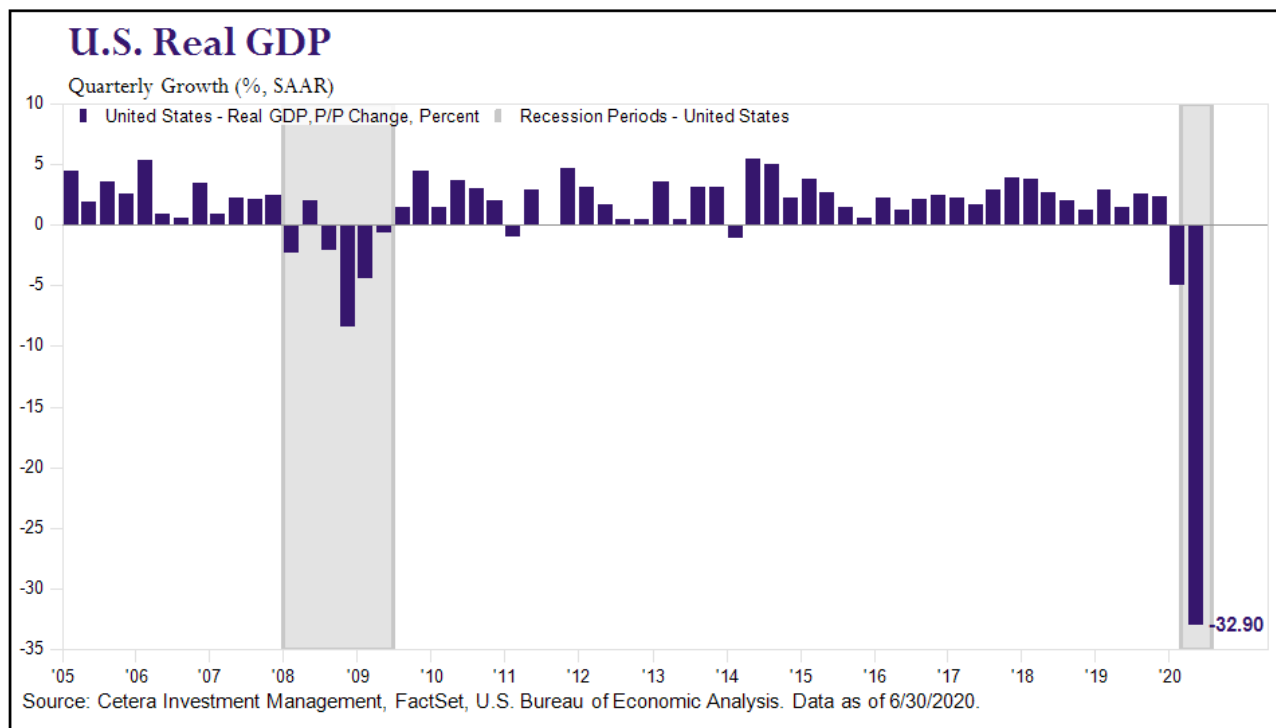
Treasury prices edged higher a fourth straight week amid weakened economic data and concerns over the accelerated pace of new COVID-19 cases, sending the yield on benchmark 10-year notes down to 0.54% from 0.59% the week prior. The U.S. Dollar Index weakened a sixth week, down 1.15% last week. The continued weakening of the dollar against the euro helped push gold higher, ending Friday at \$1,986/ounce, up \$86 for the week. WTI crude oil futures ended at \$40.27/barrel, down \$1.02 for the week.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-0.16	2.38	8.55	-7.39	-1.62	6.48
S&P 500	1.75	5.64	12.87	2.38	11.93	12.01
NASDAQ Composite	3.70	6.85	21.16	20.40	32.71	20.44
Russell 3000	1.78	5.68	13.88	2.01	10.91	11.39
Russell 2000	0.89	2.77	13.32	-10.57	-4.58	2.69
MSCI EAFE	-2.12	2.33	10.42	-9.28	-1.67	0.63
MSCI Emerging Markets	1.76	8.94	17.84	-1.72	6.53	2.84
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Barclays Agg Bond	0.30	1.49	2.61	7.72	10.10	5.69
Barclays Municipal	0.36	1.68	5.78	3.80	5.35	4.52
Barclays US Corp High Yield	0.84	4.69	10.37	0.71	4.13	4.54
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	0.77	5.71	12.81	-14.80	-12.05	-5.09
S&P GSCI Crude Oil	-2.47	2.55	84.30	-34.05	-31.20	-7.06
S&P GSCI Gold	3.15	10.30	17.22	30.39	38.03	15.96

Source: Morningstar

Chart of the Week: Record Decline GDP in Q2



U.S. real GDP declined by a record 32.9% in the second quarter (seasonally adjusted and annualized). As shown in the chart, the worst quarterly decline in the last recession was -8.4%. Stay-at-home orders implemented because of the COVID-19 outbreak led to a massive 34.6% decline in consumption. Second quarter real GDP was slightly ahead of consensus expectations (-34.7%) and other metrics have shown the economy began to recover in mid-May after most states lifted stay-at-home measures.

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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 Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

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 has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly

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. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

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. Many of the subindices of the Municipal Index have historical data to January 1980. In addition, several subindices based on maturity and revenue source have been created, some with inception dates after January 1980, but no later than July 1, 1993. 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, but in practice the index holdings has a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly

The **MSCI All-Country World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed country indexes include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

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 **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.

The **MSCI Pacific Index** captures large and mid-cap representation across five Developed Markets (DM) countries in the Pacific region. With 470 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

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. However, between rebalancings, group weightings may fluctuate to levels outside the limits. The index rebalances annually, weighted 2/3 by trading volume and 1/3 by world production.

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.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts

The **Choe Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

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. It has since reached a February 1985 high of 164.720 and has been as low as 70.698 in March 2008.

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