

Economic Calendar

Monday, July 12

No Major Releases.

Tuesday, July 13

Small Business
Confidence, Consumer
Prices, Hourly Earnings.

Wednesday, July 14

Mortgage Activity, Producer
Prices, Fed Beige Book.

Thursday, July 15

Jobless Claims, Empire
State & Philadelphia
Manufacturing,
Import/Export Prices,
Industrial Production.

Friday, July 16

Retail Sales, Business
Inventories, Consumer
Sentiment.

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[Bond Duration Pops
Highers](#)

[Most Recent 5%
Correction?](#)

WEEKLY RECAP

July 5-9, 2021 Recap

Trifecta All-Time Highs

Equities Extend Record-Setting Gains

All three major U.S. equity indices finished the week at fresh all-time highs as a relief rally Friday more than fully erased earlier losses in the holiday-shortened trading week. Stocks rebounded from concerns of a slowdown in global growth, stirred in large part by an increase of Delta variant infections in several regions. Another drop in Treasury yields also put markets on edge about a growth slowdown. Big Tech stocks' gains were capped on Friday after President Biden signed an executive order aimed at increasing competition for federal contracts.

For the Week...

The S&P 500 rallied 0.42% last week, the Dow Industrials added 0.24% and the tech-heavy Nasdaq Composite rose 0.43%. Mid cap stocks were unchanged for the week, while the small cap-focused Russell 2000 fell 1.11%. Large cap value stocks performed best, up 0.96%.

Jobless Claims Rise

U.S. jobless claims increased slightly, up 2,000 to 373,000 last week and the 4-week average dropped to a new pandemic-low of 394,500. Continuing claims for unemployment benefits from all government programs have more than halved from last year, falling 450K to 14.2 million. This figure was 33.2 million 12 months ago.

Top Weekly Gainer: Real Estate

Eight of the 11 major S&P 500 sector groups posted gains last week, led by Real Estate (+2.65%), Consumer Discretionary (+1.45%) and Utilities (+0.98%). Materials (+0.18%) rose the least, while Energy (-3.41%) slumped. Energy (+42.80% YTD) does however remain this year's best performer, followed by Real Estate (+27.68% YTD) and Financials (+25.70% YTD).

Treasury Yields Drop

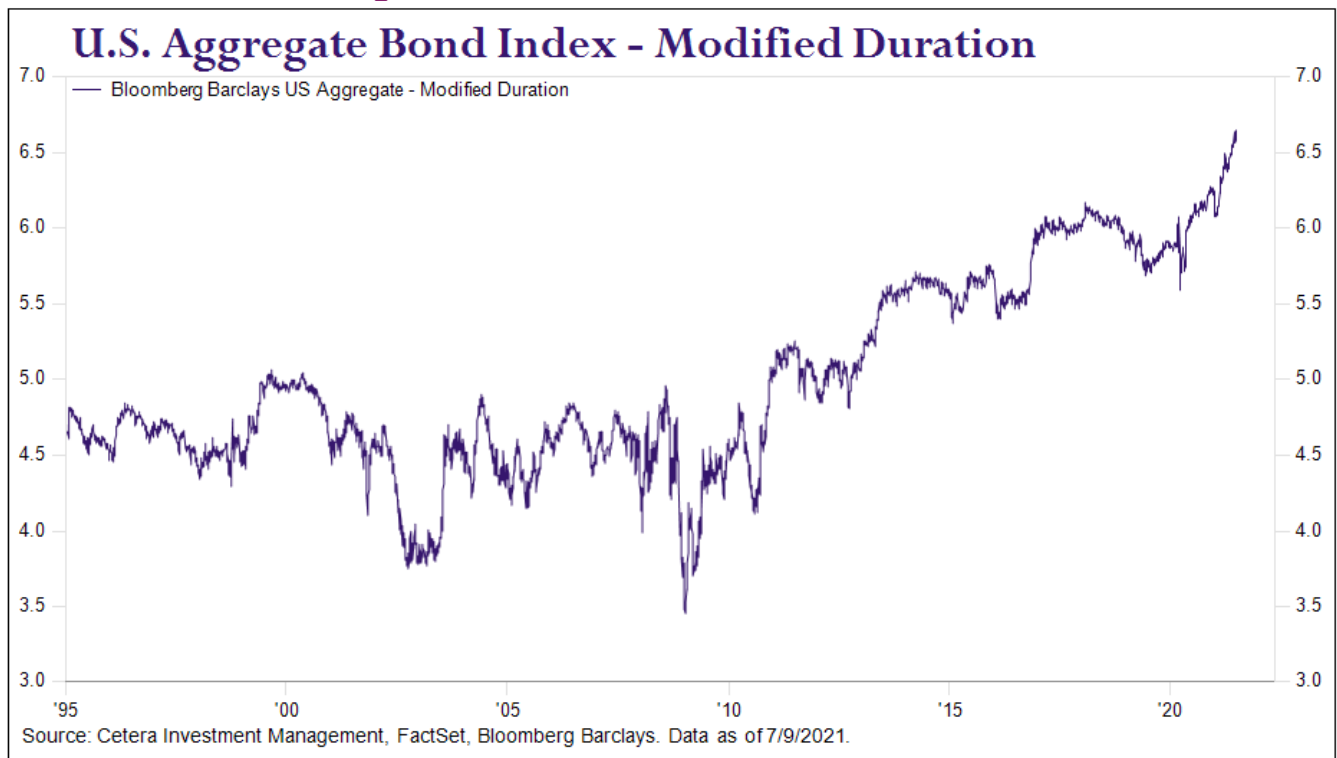
Benchmark 10-year yields extended a slide into a third week but limited its yield loss on the holiday-shortened week to eight basis points. The benchmark yield rebounded by six basis points on Friday, finishing at 1.352%. The U.S. Dollar Index weakened by 0.10% last week. U.S. WTI crude oil futures nudged 0.8% lower last week, ending at \$74.56/barrel.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	0.24	1.07	3.16	13.93	35.68	12.06
S&P 500	0.42	1.72	6.20	17.24	40.82	18.37
NASDAQ Composite	0.43	1.38	5.95	14.47	40.42	24.93
Russell 3000	0.28	1.36	5.74	16.67	43.79	18.24
Russell 2000	-1.11	-1.31	1.86	16.00	64.78	11.64
MSCI EAFE	-0.07	0.39	2.99	9.26	30.96	7.94
MSCI Emerging Markets	-2.60	-3.94	-0.18	3.22	24.41	9.47
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Barclays Agg Bond	0.31	0.44	1.77	-1.18	-0.56	5.44
Barclays Municipal	0.58	0.66	1.61	1.73	4.49	5.26
Barclays US Corp High Yield	0.20	0.40	2.43	4.03	14.55	7.50
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-1.56	-1.10	11.28	19.81	41.05	4.01
S&P GSCI Crude Oil	-1.20	1.08	25.16	53.05	87.11	0.35
S&P GSCI Gold	1.62	2.29	3.86	-4.37	-0.19	12.82

Source: Morningstar

Chart of the Week: Rising Bond Duration



The sensitivity of bond prices to the change in yields is the highest in recent history. The duration of the U.S. aggregate bond index is 6.6. A higher duration magnifies both gains and losses when yields change. Simply put, a 1% decrease in yield will generate a 6.6% gain in price. A 1% increase in yields would create a 6.6% loss. It's important to manage duration in a bond allocation.

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.