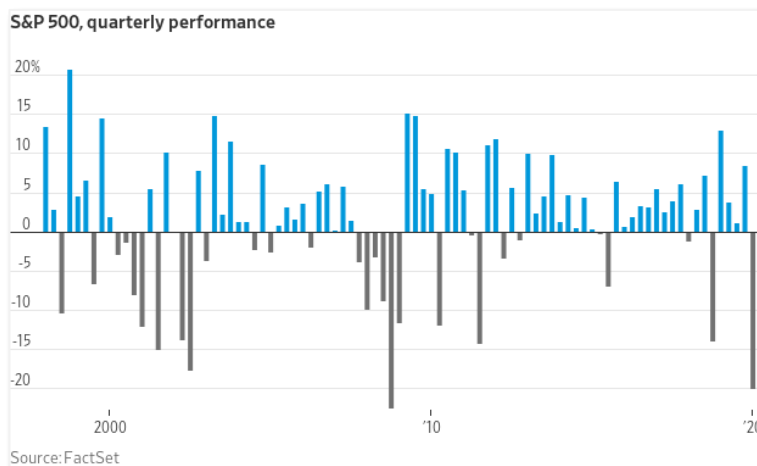


## The Markets & the Economy - What We're Watching

### Key Takeaways from the Week:

- > Major indices bounce back after pullback last week - market ends June with the strongest quarter since 1998
- > Rise in coronavirus cases remains a focus as 12 states roll back reopening plans
- > June ADP employment showed a 2.4M job gain led by small business and May was revised higher

The market posted solid gains this week with Nasdaq experiencing its best quarter since Q2 2001 and the S&P 500 having its best quarter since Q4 1998 (as shown in the chart below). At the forefront of all stock market moves this week remains the coronavirus as positive vaccine news combined with positive US economic data has it responding favorably. Pfizer and BioNTech are developing a vaccine candidate that reportedly creates neutralizing antibodies and is showing initial positive results. The results have not been reviewed yet nor have they received regulatory approval, but the market responded to the uplifting news.



We have witnessed a geographic bias in the rise of new daily coronavirus cases in the south and southwest specifically. Four states Florida, Arizona, California, and Texas currently represent greater than 50% of daily new cases. However, 12 states thus far have been impacted by a rise in cases, causing a reversal in re-opening efforts. Such actions are expected to cause a slowdown in the economy in the near term. Dr. Anthony Fauci made headlines this week saying it was possible we could exceed 100,000 new infections per day but also, positively, reiterated vaccine optimism. This coupled with the Pfizer study is proving to be a source of optimism in the face of the virus resurgence.

A welcomed development towards the end of the week was the unemployment numbers, which clearly showed there is increasing opportunity for people to get back to work. ADP Research Institute commented "As the economy slowly continues to recover, we are seeing a significant rebound in industries that once experienced the greatest job losses. In fact, 70 percent of the jobs added this month were in the leisure and hospitality, trade and construction industries." Manufacturing alone grew to its highest level since April 2019, pointing to a revival of sorts. Nonfarm payrolls for June rose 4.8M, well ahead of 3.1M consensus. The unemployment rate dropped to 11.1%, which was also better than the expected level of 12.5%. However, weekly initial jobless claims were somewhat higher than expected providing a bit of counterbalance to the downbeat coronavirus news after US daily new-case rate surpassed 50K for first time yesterday and concerns about state and local reopening rollbacks. It is

important to note that the gain in June, however, doesn't reflect the setbacks due to the new coronavirus cases in some states, which may ultimately negatively affect the July outcome. All told, and despite this note of caution, with US economic data improving, the jobs situation improving, uplifting news on the vaccine front, and record highs in the market, these tangible elements give us hope our economy is slowly recovering.

As we end the week and look forward to our nation's Independence Day it is very worthwhile to reflect on our foundation. Our very nation was built out of a struggle – each decade and generation has endured great challenges, but through it all we have triumphed and this experience won't be any different. From everyone here at IMG, we hope you have a very enjoyable Fourth of July Weekend.

For questions or more information, please reach out to your Relationship Manager. For additional insights from IMG experts, please visit our website's [Stock Market Insights](#) page.

*Commentary is reflective as of Thursday, July 2, 2020.*

**Not Insured by FDIC or Any Other Government Agency / Not Rockland Trust Guaranteed  
Not Rockland Trust Deposits or Obligations / May Lose Value**