

# July 2020 Market Watch

As the world continues to navigate the COVID-19 pandemic, U.S. domestic markets closed higher in the month of July. Optimism for a vaccine after positive Phase 1 trials, faith in government stimulus programs, and coronavirus opportunities for well-placed companies lifted the markets and temporarily set worries aside. However, the U.S. still leads in the number of infections, totaling 4.8 million cases, ahead of Brazil, India, and other countries.

U.S. economic data showed the economy has been hit hard since the start of the pandemic in March. Second quarter GDP fell -32.9% versus the expected -34.5% and versus the first quarter -5.0%, the worst reported since 1958 when it was down -10%. In response to the stay-at-home orders, personal consumption was down -34.6%, in line with the expected -34.5% but much worse than Q1's -6.8%. However, retail sales have rebounded 27% since April lows. Unemployment claims remained at historically high levels, but below the all-time highs in March. And according to Factset, total earnings are down -35.7% for the S&P 500 companies that reported second quarter earnings.

The U.S. Federal Reserve (Fed) ended their July meeting by keeping rates unchanged at near zero and extended its emergency lending programs through 2020 to support economic activity, which was originally set to run through September.

	Date	1 Week Ago		1 Month Ago		1 Year Ago		YTD
	7/31/20	7/24/20	% chg*	6/30/20	% chg*	7/31/19	% chg*	% chg*
<b>DJIA</b>	26,428.3	26,469.9	-0.2%	25,812.9	2.4%	26,864.3	-1.6%	-7.4%
<b>S&amp;P 500</b>	3,271.1	3,215.6	1.7%	3,100.3	5.5%	2,980.4	9.8%	1.2%
<b>NYSE Comp Index</b>	12,465.1	12,461.8	0.0%	11,893.8	4.8%	13,066.6	-4.6%	-10.4%
<b>NASDAQ Composite</b>	10,745.3	10,363.2	3.7%	10,058.8	6.8%	8,175.4	31.4%	19.8%
<b>Russell 2000</b>	1,480.4	1,467.6	0.9%	1,441.4	2.7%	1,574.6	-6.0%	-11.3%
<b>MSCI EM (Emerging Markets)</b>	1,078.9	1,060.5	1.7%	995.1	8.4%	1,037.0	4.0%	-3.2%
<b>MSCI EAFE</b>	1,820.2	1,859.8	-2.1%	1,780.6	2.2%	1,897.1	-4.1%	-10.6%
<b>Japan Nikkei 225</b>	21,710.0	22,751.6	-4.6%	22,288.1	-2.6%	21,521.5	0.9%	-8.2%
<b>FTSE 100</b>	5,897.8	6,123.8	-3.7%	6,169.7	-4.4%	7,586.8	-22.3%	-20.4%
<b>SSE Comp Index</b>	3,310.0	3,196.8	3.5%	2,984.7	10.9%	2,932.5	12.9%	8.5%

## US Equity Sector Performance

	July	YTD	1 Yr Ret.
<b>Consumer Discretionary</b>	9.0%	16.9%	21.6%
<b>Consumer Staples</b>	7.0%	0.9%	8.1%
<b>Energy</b>	-5.1%	-38.7%	-38.3%
<b>Financials</b>	3.8%	-20.7%	-12.8%
<b>Health Care</b>	5.4%	4.5%	18.8%
<b>Industrials</b>	4.3%	-10.9%	-5.7%
<b>Information Tech</b>	5.6%	21.4%	38.9%
<b>Materials</b>	7.1%	-0.3%	6.3%
<b>Communication Services</b>	6.8%	6.5%	14.8%
<b>Utilities</b>	7.8%	-4.2%	5.8%
<b>Real Estate</b>	4.1%	-4.3%	0.6%

## US Equity Style Performance

	July	YTD	1 Yr Ret.
<b>Dow Jones Utilities</b>	8.2%	-5.5%	2.7%
<b>DJ TRANS Avg.</b>	9.0%	-7.5%	-5.0%
<b>Russell 1000 Value</b>	4.0%	-12.9%	-6.0%
<b>Russell 1000 Growth</b>	7.7%	18.3%	29.8%
<b>Russell 2000 Value</b>	2.1%	-21.9%	-15.9%
<b>Russell 2000 Growth</b>	3.4%	0.3%	6.0%

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Major U.S. domestic equity indices all closed higher in July. From a sector standpoint, all sectors experienced gains this month, except for energy with a modest loss of -5.1%. The leading performers were Consumer Discretionary (+9.0%), Utilities (+7.8%), and Materials (+7.1%).

Emerging Market (MSCI EM +8.4% MTD) and Developed International Equities (MSCI EAFE +2.2% MTD) closed higher. As other parts of the world recover, the recent weakening of the U.S. dollar has shifted interest into emerging markets. China was able to jump-start its economy in the second quarter with GDP of 3.2% versus -6.8% last quarter, and now leads the global economic recovery. Europe is also managing the virus better than others, though 2Q GDP fell -12.1% versus -3.6% in 1Q, the largest decline in Eurozone history.

U.S. government debt yields remained at unprecedented low levels as the pandemic dampened economic recovery and kept interest rates low. Treasury rates decreased lightly across the board. The 5-Yr yield fell below 0.25% for the first time and the 2-Yr closed lower at 0.10%.

The Bloomberg Commodity Index gained +5.7% in the month, but was down -15% YTD. Crude oil recovered +2.5% in July, but was down -34% YTD as the economy reopens in phases. Gold continued its rally and gained +10% MTD and +30% YTD, surpassing its Aug 2011 peak and coming close to topping 1975 highs as some investors continued to find safe haven assets attractive.

## Bond Markets (%)

	7/31/20	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	0.10	0.16	2.05
US Benchmark Bond – 6 Mth	0.11	0.18	2.04
US Benchmark Bond – 2 Yr	0.10	0.15	1.87
US Benchmark Bond – 5 Yr	0.21	0.28	1.84
US Benchmark Bond – 10 Yr	0.54	0.65	2.02
US Benchmark Bond – 30 Yr	1.20	1.41	2.53

## US Bond Sector Performance

	July	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Govt. Intrm. TR	0.32%	6.09%	7.54%

## Exchange Rates (per US dollar)

	7/31/20	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.340	1.362	1.313
Mexican Peso	22.192	23.107	18.982
Euro	0.846	0.890	0.898
British Pound	0.762	0.809	0.817
Swiss Franc	0.910	0.948	0.990
Chinese Yuan	6.980	7.074	6.886
Indian Rupee	74.813	75.504	68.785
Japanese Yen	105.730	107.885	108.575

## Commodities (In US dollars)

	7/31/20	1 Mth Ago	1 Yr Ago
Gold	1,985.90	1,800.50	1,437.80
Crude Oil	40.27	39.27	58.58
US Dollar Index	93.32	97.35	98.26
Bloomberg Commodity Index	68.68	64.98	78.96

## Interest Rates (%)

	7/31/20	1 Mth Ago	1 Yr Ago
Prime Rate	3.25	3.25	5.50
Federal Funds Rate	0.09	0.06	2.41
Libor Rate 30 Day	0.15	0.16	2.22
Libor Rate 3 Months	0.25	0.30	2.27
30yr Fixed Mortgage	2.99	3.13	3.75

## Economic Sentiment

	7/31/20	1 Yr Ago
Unemployment Rate	11.10%	3.70%
Average Single Family Home	332,400	318,800
Capacity Utilization	68.60%	77.42%

\*Performance for world indices represents price returns (excluding dividends) for the DJIA, S&P 500, NASDAQ, Russell 2000, MSCI EM, MSCI EAFE, NYSE, SSE, and Nikkei, due to data availability.

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