



STILES FINANCIAL SERVICES
INCORPORATED

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Market Week: July 13, 2020

The Markets (as of market close July 10, 2020)

Last Monday proved to be a good start to the week for equities as each of the benchmark indexes listed here posted solid gains. The Nasdaq reached a record high as surging tech stocks drove that index up 2.2% for its fifth consecutive gain. The Dow finished the day up nearly 1.8%, and the S&P 500 climbed 1.6%.

Last Tuesday saw the end of a five-day winning streak as stocks slid, despite reports from the White House and Senate promoting a new round of stimulus. An increase in COVID-19 outbreaks seemed to dim investor hopes for a quick economic recovery. Sectors taking a particular hit were industrials, energy, and financials. The small caps of the Russell 2000 lost nearly 2.0%, the Dow fell 1.5%, the S&P 500 dropped 1.1%, and the Nasdaq dipped 0.9%.

Equities rebounded last Wednesday as Apple and Amazon sent the Nasdaq to another record high. Gold shot past \$1,800 per ounce, crude oil closed at nearly \$41.0 per barrel, and Treasury yields dipped.

Last Thursday saw stocks fall on fears that the rising number of COVID-19 cases will undercut the economy. The Dow dropped 1.4%, the small caps of the Russell 2000 fell 2.0%, the Global Dow gave back 0.8%, and the S&P 500 lost 0.6%. Industrials, energy, and financials were market sectors hit particularly hard. Only the Nasdaq closed higher, gaining 0.5% as tech stocks held their own. Crude oil prices plunged 2.6%. Treasury yields fell as bond prices surged.

Stocks climbed higher last Friday following the release of promising clinical results for COVID-19 treatment by Gilead Science. Finance, banks, energy, communications, and industrials performed well on the day. Each of the indexes listed here enjoyed solid daily gains, led by the Russell 2000, which closed last Friday up 1.7%.

Despite its strong showing last Friday, the Russell 2000 ended last week as the only index in the red. The Nasdaq led the way, gaining 4.0%, followed by the S&P 500, the Global Dow, and the Dow. Investors seem to be clinging to any positive news to offset the record number of reported virus cases and ongoing discord with China, particularly as it relates to that country's dealings with Hong Kong.

Crude oil prices rallied late last week, closing at \$40.49 per barrel by late Friday afternoon, up from the prior week's price of \$40.32. The price of gold (COMEX) advanced for the fourth consecutive week, closing at \$1,801.40, up from the prior week's price of \$1,787.60. The national average retail regular gasoline price was \$2.177 per gallon on July 6, \$0.003 higher than the prior week's price but \$0.566 less than a year ago.





Key Dates/Data Releases

7/13: Treasury budget

7/14: Consumer Price Index

7/15: Import and export prices, industrial production

7/16: Retail sales

7/17: Housing starts

Stock Market Indexes

Market/Index	2019 Close	Prior Week	As of 7/10	Weekly Change	YTD Change
DJIA	28,538.44	25,827.36	26,075.30	0.96%	-8.63%
Nasdaq	8,972.60	10,207.63	10,617.44	4.01%	18.33%
S&P 500	3,230.78	3,130.01	3,185.04	1.76%	-1.42%
Russell 2000	1,668.47	1,431.86	1,422.68	-0.64%	-14.73%
Global Dow	3,251.24	2,862.16	2,891.45	1.02%	-11.07%
Fed. Funds target rate	1.50%-1.75%	0.00%-0.25%	0.00%-0.25%	0 bps	-150 bps
10-year Treasuries	1.91%	0.66%	0.63%	-3 bps	-128 bps

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- Producer prices reversed course in June, dropping 0.2% after climbing 0.4% the previous month. For the last 12 months, producer prices are down 0.8%. In June, a 1.8% decline in margins for trade services (trade indexes measure changes in margins received by wholesalers and retailers) was the primary drag on producer prices. Prices for goods rose 0.2% in June.
- According to the latest Job Openings and Labor Turnover report, the number of hires increased by 2.4 million to 6.5 million in May — the largest monthly increase of hires since the series began. Separations decreased by 5.8 million to 4.1 million, also a series high. These improvements in the labor market reflected a limited resumption of economic activity that had been curtailed in March and April due to the COVID-19 pandemic and efforts to contain it. Over the 12 months ended in May, hires totaled 68.5 million and separations totaled 79.8 million, yielding a net employment loss of 11.3 million.
- Economic activity in the services sector surged in June following two consecutive monthly retractions. According to the latest Non-Manufacturing ISM® Report On Business®, the non-manufacturing index climbed 11.7 percentage points, the largest single-month percentage point increase in the history of the index. Business activity, new orders, prices, and employment each advanced in June following May's dismal performance. The notable increase in the services sector is indicative of businesses starting to reopen last month.
- For the week ended July 4, there were 1,314,000 claims for unemployment insurance, a decrease of 99,000 from the previous week's level, which was revised down by 14,000. According to the Department of Labor, the advance rate for insured unemployment claims was 12.4% for the week ended June 27, a decrease of 0.5 percentage point from the prior week's revised rate. The advance number of those receiving unemployment insurance benefits during the week ended June 27 was 18,062,000, a decrease of 698,000 from the prior week's level, which was revised down by 530,000.





Eye on the Week Ahead

This week the Consumer Price Index is likely to show some upward price pressure in June. Also, industrial production is expected to climb in June as more businesses reopened.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e. wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indices listed are unmanaged and are not available for direct investment.

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