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July fireworks shorten historically very good market week.

The July 4th holiday shortened week, while historically very good, needed a Friday rally to nudge the S&P 500 into positive territory and a 38th record high close on the year. REITs and consumer discretionary names led the way in U.S. markets while energy stocks took a breather on slightly lower oil prices and infighting among the ranks in OPEC. Prevailing market narratives remain largely monetary policy outlook, labor and goods market distortions, and Delta variant implications. Interest rates fell further last week with 5yr and 10yr yields now down to 0.79% and 1.37% respectively and the slope continued its flattening trend in place since the beginning of the second quarter.

Market Anecdotes

- Despite the move in technology stocks over the past several weeks, it still lags the overall market YTD while cyclicals remain well ahead. Traditional value/growth index performance has seen growth nearly close the gap on value on the year.
- The global reflation trade faltered again last week pushing 10yr UST yields below 1.30% for the first time in four months. The last stretch yield compression (2019-2020) offers several differing characteristics serving a reminder that markets don't move in straight lines.
- The S&P 500 forward P/E multiple stands at 22.8x, in the 94th percentile of all periods since 1990 and the trailing P/E multiple is at its highest level since the late 1990s. That said, given the context of prevailing bond yields and earnings yields, things don't seem too extreme.
- FactSet notes the S&P 500 is expected to report the highest earnings growth (+64%) since coming out of the GFC alongside a



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hefty net profit margin of 11.8%.

- The June FOMC meeting minutes suggested consensus on economic conditions being met earlier than projected back in March but also reinforced division within the committee on the outlook and approach to tapering.
- It's worth noting the main reasons cited from the inflationistas are rising commodity prices, monetary and fiscal largess, and looming momentum for MMT - two of three being very much the same arguments levied following the GFC.
- The PBOC lowered its required reserve ratio by 50bps last week, signaling some concern over the economic trajectory in Asia.
- The G20 endorsed the global corporate minimum tax deal last week but a difficult path through Congress awaits the proposal here in the U.S.
- A Canadian Business Outlook Survey published last week may offer guidance for investors evaluating laggard vaccination situations (EU, Canada, EM). Capital inflows are accelerating and economic data, while lagged, is beginning to turn notably higher.

- Arbor Data Science look at back to work trends shows a begrudging back to work data trend but Google search activity suggesting workers are clearly making plans to return to the office.
- OPEC+ cancelled its meeting after divisions between Saudi Arabia and UAE proved insurmountable. Meanwhile, U.S. shale producers have not stepped-up production as they had in prior cycles.

Economic Release Highlights

- June ISM Services Index came in lower than consensus and prior month release at 60.1 vs 63.5.
- May JOLTS came in just under consensus forecast (9.209M vs 9.3M) after exceeding estimates the prior five months.
- Eurozone May Retail Sales came in at 4.6% MoM and 9.0% YoY, both well in excess of consensus expectations.

The Stop Loss strategy has returned

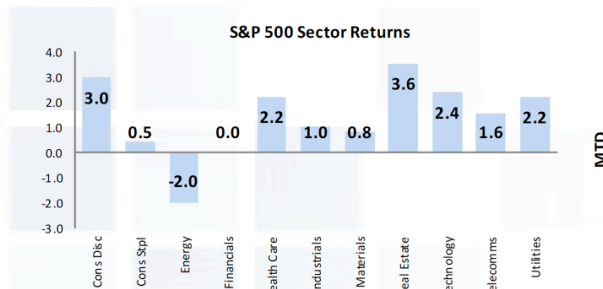
20.07% year to date. The sell trigger is maintained at 3845.20 following the most-recent all-time high on the S&P 500.

INSIGHT

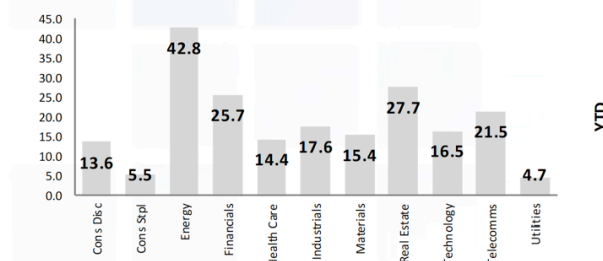
MARKET ANALYSIS

Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Commodities	Current	6/30/21	3/31/21	12/31/20
Dow Jones	34870	0.72	1.32	3.63	15.05	38.35	Oil (WTI)	73.62	73.52	59.19	48.35
NASDAQ	14702	1.25	5.73	5.95	14.47	40.39	Gold	1786.20	1786.20	1691.10	1887.60
S&P 500	4370	1.19	3.68	6.20	17.24	40.79					
Russell 1000 Growth		2.10	7.93	8.43	15.69	38.96	Currencies	Current	6/30/21	3/31/21	12/31/20
Russell 1000 Value		0.00	(0.55)	3.59	17.83	46.48	USD/Euro (\$/€)	1.18	1.19	1.17	1.23
Russell 2000		(2.11)	(1.93)	1.86	16.00	64.73	USD/GBP (\$/£)	1.38	1.30	1.38	1.37
Russell 3000		0.86	3.26	5.74	16.67	43.76	Yen/USD (¥/\$)	111.28	111.28	110.61	103.19
MSCI EAFE		(0.07)	(2.04)	3.18	9.61	31.49					
MSCI Emg Mkts		(2.58)	(3.56)	(0.09)	3.37	24.76	Treasury Rates	Current	6/30/21	3/31/21	12/31/20
Fixed Income	ΔYield	1 Wk	1 Mo	3 Mo	YTD	1 Yr	3 Month	0.06	0.05	0.03	0.09
US Aggregate	1.88	(0.01)	(0.07)	(0.18)	(0.26)	(0.54)	2 Year	0.23	0.25	0.16	0.13
High Yield	4.55	0.00	(0.13)	(0.35)	(0.56)	(1.17)	5 Year	0.79	0.87	0.92	0.36
Municipal	1.82	(0.01)	(0.02)	(0.07)	(0.09)	(0.22)	10 Year	1.37	1.45	1.74	0.93
							30 Year	1.99	2.06	2.41	1.65

Style Returns				MTD
	V	B	G	
L	0.66	1.55	2.39	
M	0.74	0.72	0.68	
S	-1.51	-1.31	-1.12	



	V	B	G	YTD
L	17.83	16.74	15.69	
M	20.34	17.09	11.20	
S	24.79	16.00	7.76	



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