

# BOW BECKER WEALTH MANAGEMENT, LLC

A WEEKLY NEWSLETTER PUBLICATION OF BECKER WEALTH MANAGEMENT

## Market reaches new record high since Covid began.

**T**he S&P 500 reached a milestone last week marking a new record high for the first time since the COVID crisis began back in February.

The NASDAQ was not left out, also notching a new high led due to tech and consumer discretionary leading the way last week. Robust economic reports in the U.S. later in the week on housing and flash PMIs outweighed some disappointing reports earlier in the week. The yield curve flattened slightly with longer rates falling 7bps-10bps while the short end remained anchored by the Fed. There were no material movements last week in the USD or commodity markets with each posting gains of less than 0.50%.

### Market Anecdotes

- WMT and HD put the unofficial wrap on 2Q earnings season by blowing the doors off. Thirty more S&P company reports will trickle in but the unofficial end to a record Q2 season (beat rates and positive guidance spread) finished on a positive note.
- With the denominator caveat, global equity market valuations certainly feel aggressive with trailing P/E of U.S. 26.4x and the STOXX 600 at 36.3x. Other notable country valuations include Brazil 63.8x, Korea 27.9x, and China (H) 8.7x.
- High frequency GDP activity indicators haven't made material improvement over the past several weeks. Models we monitor for Q3 GDP growth (QoQ) include Bespoke 28.2%, NY Fed WEI 17%, and Atlanta Fed GDP Now 25.6%. This leaves YoY GDP in the -6% to 0% range.
- A COVID data point this week was TSA traveler throughput at -67% YoY. It's



not every day where there's anything positive about a -67% reading but this is the most activity since 3/22 and light years better than the -96% level back in April.

- New Generation Research reported a record for large company (>\$1b in assets) bankruptcy filings with 45 companies having filed as of August 17th.
- Black Knight's report on mortgage delinquencies show extreme high delinquencies (8%) with an extreme low foreclosure rate of 0.03% (Q2) due to COVID foreclosure moratoriums.
- DC didn't help last week. The FTC conducted Zuckerberg interviews (under oath) as a follow on to July's hearings, we had no progress on the stimulus deal, and we saw renewed tariff threats with U.S.-Sino trade posturing. Most all of which are expected to be bipartisan fronts.
- FOMC minutes released last week showed some intense debate surrounding yield curve control, questioning the efficacy and long-term implications.

### Economic Release Highlights

- The flash August U.S. PMI (c, m, s) of

54.7, 53.6, 54.8 handily beat consensus expectations for 51+ across all three readings. Virtually all non-U.S. August flash PMI readings slowed sequentially on both manufacturing and services readings.

- August Housing Market Index (home-builder sentiment) tied a record high reading of 78, easily surpassing expectations for a 74.
- July existing home sales grew 24.7% MoM (8.7% YoY) to an annual rate of 5.86mm, well in excess of consensus calls for 5.4mm and above the high end of the range of estimates.
- Housing starts (1.496mm vs 1.24mm) and permits (1.495mm vs 1.32mm) both blew the doors off expectations. This was the best building permits number since January.
- Q2 e-commerce retail sales spiked 31.8% QoQ, an expected parabolic move higher from Q1 growth of 2.4%.
- The August Empire Manufacturing Index registered 3.4, badly missing consensus calls for 15 while the Philly Fed Index reading of 17.2 missed consensus calls for 20.8.

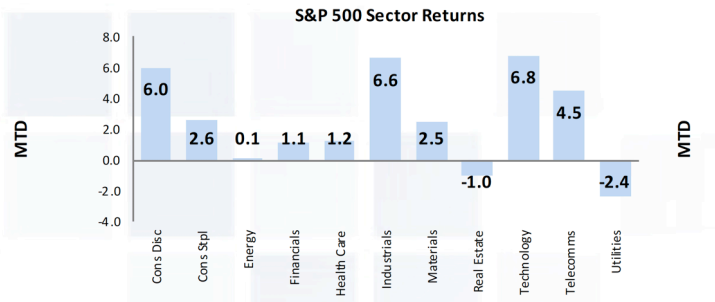
# INSIGHT

## MARKET ANALYSIS

Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Commodities	Current	6/30/20	3/31/20	12/31/19
Dow Jones	27930	0.09	4.32	14.78	(0.59)	9.17	Oil (WTI)	42.89	39.27	20.51	61.14
NASDAQ	11312	2.69	6.02	22.08	26.85	42.44	Gold	1944.80	1768.10	1609.00	1514.75
S&P 500	3397	0.77	4.47	15.73	6.47	18.44					
Russell 1000 Growth		3.05	7.25	21.87	24.96	37.93					
Russell 1000 Value		(1.44)	1.61	10.25	(11.02)	(0.70)	<b>Currencies</b>	<b>Current</b>	<b>6/30/20</b>	<b>3/31/20</b>	<b>12/31/19</b>
Russell 2000		(1.59)	4.48	15.57	(6.13)	4.34	USD/Euro (\$/€)	1.19	1.12	1.10	1.12
Russell 3000		0.73	4.50	16.31	6.14	17.80	USD/GBP (\$/£)	1.31	1.24	1.25	1.33
MSCI EAFE		(0.99)	0.14	14.09	(5.85)	5.30	Yen/USD (¥/\$)	106.49	106.49	107.53	108.67
MSCI Emg Mkts		(0.10)	0.74	18.80	(0.23)	14.06	<b>Treasury Rates</b>	<b>Current</b>	<b>6/30/20</b>	<b>3/31/20</b>	<b>12/31/19</b>
<b>Fixed Income</b>	<b>Δ Yield</b>	<b>1 Wk</b>	<b>1 Mo</b>	<b>3 Mo</b>	<b>YTD</b>	<b>1 Yr</b>	3 Month	0.10	0.16	0.11	1.55
US Aggregate	2.37	(0.01)	(0.04)	(0.14)	(0.33)	(0.29)	2 Year	0.16	0.16	0.23	1.58
High Yield	5.51	(0.04)	(0.05)	(0.35)	0.07	(0.11)	5 Year	0.27	0.29	0.37	1.69
Municipal	2.01	0.01	(0.01)	(0.06)	(0.13)	(0.13)	10 Year	0.64	0.66	0.70	1.92
							30 Year	1.35	1.41	1.35	2.39

**Style Returns**

	V	B	G
L	2.22	4.00	5.66
M	2.21	1.64	0.61
S	4.51	4.96	5.39



949-724-4575 | [www.beckerwealthmanagementllc.com](http://www.beckerwealthmanagementllc.com)

Investment Advisory Services are offered through Virtue Capital Management, LLC, an SEC Registered Investment Adviser. VCM and Becker Wealth Management are independent of each other. This newsletter is not to give investment advice. Before investing in any advisory product please carefully read any disclosure documents, including without limitation, the firm's Form ADVs. Indices do not reflect the deduction of any fees or expenses. They are not available for direct investment. Exposure to an asset class represented by an index is available through investable instruments based on that index. The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the Nasdaq. The DJIA was designed to serve as a proxy for the broader U.S. economy. The Nasdaq Composite Index is the market capitalization-weighted index of over 3,300 common equities listed on the Nasdaq stock exchange. It is used as a broad-based market index. The S&P 500 index is designed to be a broad based unmanaged leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe or representative of the equity market in general. The Russell 3000® Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. Total Return assumes dividends are reinvested. The Russell 1000 is a subset of the Russell 3000 Index. It represents the top companies by market capitalization. The Russell 1000 measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 index is an index measuring the performance of approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States. Visit [www.russell.com/indexes/](http://www.russell.com/indexes/) for more information regarding Russell indices. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The information published herein is provided for informational purposes only, and does not constitute an offer, solicitation or recommendation to sell or an offer to buy securities, investment products or investment advisory services. Nothing contained herein constitutes financial, legal, tax, or other advice. These opinions may not fit your financial status, risk and return profile or preferences. Investment recommendations may change, and readers are urged to check with their investment adviser before making any investment decisions. Estimates of future performance are based on assumptions that may not be realized. Past performance is not necessarily indicative of future returns or results. No representation is made as to the accuracy, completeness or timeliness of the information in this material since certain information herein is based on or derived from information provided by independent third-party sources. All enclosed material including market analysis data provided Taiber Kosmala & Associates, LLC. There is no duty to update this information. The Wilshire 5000 Total Market Index represents the broadest index for the U.S. equity market, measuring the performance of all U.S. headquartered equity securities with readily available price data. The PHLX Semiconductor Sector Index (SOX) is a capitalization-weighted index composed of 30 semiconductor companies. The companies in the Index have primary business operations that involve the design, distribution, manufacture and sale of semiconductors. The index is designed to track the performance of listed semiconductors.