



A WEEKLY NEWSLETTER PUBLICATION OF BECKER WEALTH MANAGEMENT

US Markets close out July on strong note.

Equity markets closed out July on a strong note with the S&P 500 up 1.7% while international and emerging markets

European stocks fell 3% on the week. were down. Mega cap growth stocks plowed through Congressional interrogations and posted strong earnings to lead markets higher but cyclical areas of the market (energy, materials, financials) lagged. A federal fiscal stimulus renewal package remained elusive to and through expiration of enhanced benefits on Friday. Commodities lost 0.64% driven by oil moving back toward the \$40 range but gold continued its march higher, +3.3% last week. Rates moved lower in a parallel fashion leaving the 10yr UST at 0.55% and the USD fell 1.15%.

Market Anecdotes

- The stock market shrugged off fiscal inaction in DC, sustained CoVid-19 wave data, and a grilling of tech execs in DC, giving way to encouraging earnings and economic reports.
- Virus news seems to be slowly transitioning to a less threatening trajectory with new case averages and CoVid-19 doctor visits finally turning back down.
- Over 700 companies had reported through Thursday. FactSet is reporting earnings beat rate of 84% on a -35.7% bottom line.
- Fiscal stimulus negotiations missed the 7/31 soft deadline, as Congress adjourned last Thursday. Recess ends 8/3 and the hope is they make quick work of meeting in the middle.
- While the negative incentive of increased unemployment benefits is clear, that assumes employers are hiring with ample job openings but job openings are



currently 23% lower than the beginning of the year, making a strong case for demand stimulus checks of any sort.

- Does the parabolic increase in government debt portend disaster with gold rallying and the USD falling? Not yet says BCA. If disaster was imminent, it is highly unlikely we would have a 0.55% 10yr and 1.20% 30yr UST yields. Inflation recalibrating? Probably.
- Last week saw gold eclipse the prior record high of \$1920.7 back in September 2011.
- The Fed meeting last week produced no surprises. QE forever, a twinkie will decompose before they raise rates, and they see no negative implications of these policies whatsoever.
- The Fed balance sheet has stalled at around \$7tn, actually declining \$15.7b since May 13th.
- More positive homebuilders news with DHI beating by 31% on the bottom line and 3.6% on the top with encouraging closings, orders, and backlog data as well.
- The tech sector weighting is now over 27%, just shy of the '99 29.18% high water mark. Energy slipped to 2.5%, a new record low and far below the 13.14% weight in 2008.
- ICI released MF/ETF flows through

June, confirming bond product took in flows of over \$100b, a record amount.

- AAII bullish sentiment fell to 20.23%, a lower level than at any time during the CoVid-19 crisis. Bearish sentiment sits at 48.47%, just 3.6% below the 3/26 reading which climbed over 50%.

Economic Release Highlights

- Q2 U.S. GDP dropped a record 9.5% QoQ and 32.9% YoY in what the IMF has coined "The Great Lockdown".
- June personal income fell 1.1% in June (after -4.4% in May) but consumer spending increased +5.6% on the month.
- Initial jobless claims moved higher last week to 1.4mm in the July 25th week and continuing claims rose to 17.0mm (for the week prior).
- Durable goods orders rose 7.3% in June (only 5.4% expected), driven by a surge in vehicle orders. Ex-transports and ex-aircraft both rose a more modest 3.3%.
- Real-time activity data such as mobility data, restaurant reservations, airport travel stats, and the NY Fed weekly index have faded in July alongside the CoVid-19 resurgence.
- UofM consumer confidence softened in July to 72.5.

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	26428	(0.15)	2.51	9.23	(6.14)	0.83	Oil (WTI)	41.46	39.27	20.51	61.14
NASDAQ	10745	3.70	6.85	21.16	20.40	32.78	Gold	1902.10	1768.10	1609.00	1514.75
S&P 500	3271	1.75	5.64	12.87	2.38	11.96					
Russell 1000 Growth	3.80	7.69	19.93	18.26	29.84						
Russell 1000 Value	(0.20)	3.95	6.80	(12.95)	(6.01)						
Russell 2000	0.89	2.77	13.32	(10.57)	(4.59)						
Russell 3000	1.78	5.68	13.88	2.01	10.93						
MSCI EAFE	(2.12)	2.35	10.55	(8.97)	(1.24)						
MSCI Emg Mkts	1.77	9.03	18.02	(1.52)	6.92						
Fixed Income	Δ Yield	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Treasury Rates	Current	6/30/20	3/31/20	12/31/19
US Aggregate	2.40	(0.01)	(0.03)	(0.12)	(0.30)	(0.31)	3 Month	0.09	0.16	0.11	1.55
High Yield	5.49	(0.05)	(0.28)	(0.55)	0.06	(0.11)	2 Year	0.11	0.16	0.23	1.58
Municipal	2.01	(0.01)	(0.04)	(0.13)	(0.13)	(0.15)	5 Year	0.21	0.29	0.37	1.69
							10 Year	0.55	0.66	0.70	1.92
							30 Year	1.20	1.41	1.35	2.39



949-724-4575 | 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 3,000 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/ 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. .