

BOW BECKER WEALTH MANAGEMENT, LLC

A WEEKLY NEWSLETTER PUBLICATION OF BECKER WEALTH MANAGEMENT

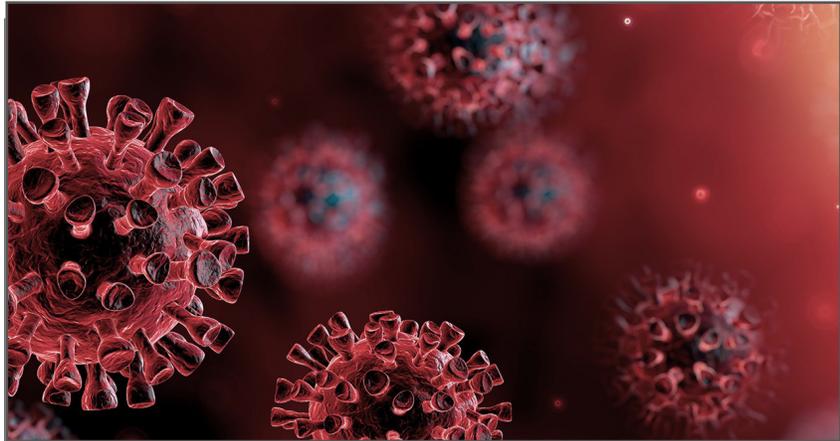
Markets down as COVID-19 fights back with fury.

Accelerating COVID-19 case counts, quarter-end trading activity, and powerful monetary/fiscal support churned markets last week pushing the S&P 500 to a 2.66% loss with non-U.S. markets down 0.80%.

Wednesday of this past week marked exactly three months from the low point of the pandemic stock market crash (3/23) with returns in the S&P 500 and EAFE of 37% and 32% respectively. Interest rates declined slightly with 10yr falling back below 0.70% and, despite its counter-cyclical nature, the USD fell 0.19% on the week.

Market Anecdotes

- A material rise in coronavirus data across the sunbelt hasn't resulted in a blanket return to lockdowns but that is missing the real issue which equity markets acknowledged last week: self-administered curtailment of consumer and business activity.
- Goldman's estimate of \$76b in U.S. equity selling (quarter-end rebalancing) and a market ripe for consolidation were non-virus-related factors playing into market action last week.
- Month-end July expiration of extended unemployment benefits, dwindling PPP funds, and precarious state and local municipality finances have us expecting action from DC, particularly given the election year backdrop.
- TIPS breakeven inflation rates have moved up considerably since mid-March. Back then, the 10-year TIPS breakeven rate troughed at 0.50%. It currently sits at 1.31%.
- Two sizable Treasury auctions last week were both met with robust demand. \$47b of 5-year notes and \$42b of 7-year notes were both record highs in size and record lows in yields.



- The IMF acknowledged the more sobering growth environment that previously thought by downgrading 2020 global growth expectations by 200bps and reducing 2021 forecasts.
- Oil traded lower last week on a large increase in inventories to a record high of 540.4mm bbls.
- The USD had fallen over 7.5% from its early spring peak through early June but has shown a bit of strength over the past several days. A CFTC COT report last week showed the largest open interest short shift (40.7%) since 2005.
- BCA Research's US Equity Strategy service analyzed the past three-dollar bear markets, observing that technology outperformed by at least 9.4% twice (ex USD bear '85-'95).

Economic Release Highlights

- May's personal income and outlays report showed income falling less than expected (-4.2% v -6.4%) from April's 10.5% government stimulus surge.
- Consumer spending increased 8.2% versus expectations for 8.6%, an expected recovery from April's 12.6% decline.
- May headline and core PCE of 0.5% and 1.0% illustrate the retreat we've seen in price data over the past several

months.

- June UofM consumer sentiment came in at 78.1, slightly lower than expected but up nearly 7 points from May's reading.
- June flash U.S. PMI readings (46.8c, 49.6m, 46.7s) came in above forecasts and on the high end of the range. Euro area manufacturing PMI jumped from 39.4 in May to 46.9 while services PMI surged from 30.5 to 47.3.
- May's existing home sales fell 9.7% (3.91mm) from April's 4.33mm figure (-26.6% from last year). New home sales (676k) came in better than the 636k forecast.
- Chicago Fed National Activity Index followed the Philly and NY upside surprises last week. After falling to a record -16.74 in April, May smashed forecasts (-4.0), surging to a record high of 2.61 in the largest sequential MoM on record.
- May's durable goods orders increased 15.8% over April. Only a 10% increase was expected.
- Weekly initial jobless claims fell for a 12th straight week and continuing claims dropped below 20mm for the first time since mid-April.

INSIGHT

MARKET ANALYSIS

Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Commodities	Current	3/31/20	12/31/19	9/30/19
Dow Jones	25016	(3.31)	0.30	11.62	(11.26)	(3.38)	Oil (WTI)	40.60	20.51	61.14	54.09
NASDAQ	9757	(1.90)	4.54	25.44	9.28	24.63	Gold	1734.80	1609.00	1514.75	1485.30
S&P 500	3009	(2.86)	0.73	14.98	(5.95)	5.34					
Russell 1000 Growth		(1.87)	3.26	22.20	6.63	20.80					
Russell 1000 Value		(4.18)	(2.06)	8.58	(18.77)	(10.41)					
Russell 2000		(2.80)	(0.91)	17.24	(16.79)	(7.79)					
Russell 3000		(2.85)	0.86	16.19	(6.40)	4.60					
MSCI EAFE		(1.29)	4.76	15.22	(11.17)	(4.07)					
MSCI Emg Mkts		(0.14)	8.20	18.24	(9.40)	(2.05)					
Fixed Income	ΔYield	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Treasury Rates	Current	3/31/20	12/31/19	9/30/19
US Aggregate	2.46	(0.00)	(0.06)	(0.14)	(0.24)	(0.24)	3 Month	0.14	0.11	1.55	1.88
High Yield	5.78	0.12	(0.02)	(0.52)	0.34	0.17	2 Year	0.17	0.23	1.58	1.63
Municipal	2.06	(0.00)	(0.01)	(0.08)	(0.09)	(0.13)	5 Year	0.30	0.37	1.69	1.55
							10 Year	0.64	0.70	1.92	1.68
							30 Year	1.37	1.35	2.39	2.12

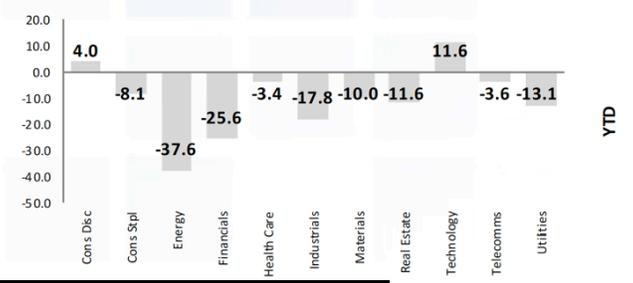
Style Returns

	V	B	G	
L	-3.64	-0.80	1.33	MTD
M	-2.28	-1.25	-0.01	
S	-2.40	-1.00	0.05	



Style Returns

	V	B	G	
L	-18.77	-5.68	6.63	YTD
M	-20.85	-11.85	1.76	
S	-27.44	-16.79	-6.60	



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 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/ 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. .