BECKER WEALTH MANAGEMENT, LLC

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Market records highs followed by week ending struggle.

Equity markets posted their 39th record high early in the week but went on to struggle for the remainder with inflation handicapping and FOMC policy taking center stage again.

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Stocks snapped a three-week winning streak while interest rates fell for a third consecutive week. Earnings season and the economic calendar were the primary drivers last week. Anxiety surrounding inflation readings and sentiment impacted small caps and cyclicals while defensive sectors, U.S. treasuries, and the U.S. dollar benefited from the risk off nature in the market last week.

Market Anecdotes

- Mega cap U.S. equities have been reassuming leadership as equity markets stumble around to find their footing. Bespoke noted the cap weight S&P 500 is up 9.8% over the last four months while the R2000 is down 7.7%.
- Q2 earnings season got underway last week with most banks announcing. While less than 10% of the S&P 500 has reported, things are beginning on a positive note with strong results, healthy beat rates, and encouraging beat margins. Things pick up in earnest this week.
- TLT (20+yr UST) and IEF (7-10yr UST) continued to defy investor expectations as treasury yields continued to move lower with the 10yr UST closing below 1.30% for the first time since February. What is this telling us? Slowing growth, a more hawkish Fed, and technical factors have all contributed to the move.
- Several FOMC speakers last week left markets considering a move forward in the reduction of policy accommodation may be in the cards. Powell referencing "a big uptick in inflation" and "bigger than expected" while still expecting pressures to ease added to speculation.
- A global mix of hawks and doves presents a challenge to investors as central bankers position policy to balance a wind down of massive stimulus, inflation pressures, recovering growth, and languishing labor markets.
- Central banks of Canada and New Zealand cemented their position as forerunners in global central bank tightening with RBNZ terminating its QE program nearly one year prior to expiration and Canada announcing the beginning of tapering its program effective immediately.
- New variant Covid data is unlikely to slow economic activity materially. New cases, hospitalizations, and deaths remain well below concerning levels, vaccinated people have little reason to fear serious health outcomes, and non-vaccinated people presumably are not concerned as well.
- The August 1st deadline for Congress to raise the debt ceiling does not represent the same risk of the summer of 2011 and winter '12-'13 as Team D currently holds majority in both houses.
- A headline from The Information noted FB, AMZN, GOOG, and APPL face over 70 antitrust probes/cases.

Economic Release Highlights

- June Retail Sales registered +0.6% versus expectations for -0.3%. The control group was up 1.1%, also well in excess of the consensus estimate of 0.4%.
- NFIB Small Business Optimism Index of 102.5 handily beat the consensus estimate of 99.2.
- June CPI report registered headline and core readings of 5.4% and 4.5% respectively, both coming in higher than forecast of 5.0% and 4.0%. Headline and core monthly readings came in higher than expected as well with both registering 0.9% versus 0.5% expected.
- UofM Consumer Sentiment reading for July fell from 85.5 to 80.8 versus expectations of an increase to 86.5.
- Chinese 2Q GDP slowed to 7.9% from

INSIGHT

MARKET ANALYSIS

Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr
Dow Jones	34688	(0.52)	2.00	1.88	14.45	32.33
NASDAQ	14427	(1.87)	2.79	2.84	12.34	38.74
S&P 500	4327	(0.96)	2.55	3.75	16.12	36.66
Russell 1000 Growth		(1.10)	5.42	5.35	14.42	38.60
Russell 1000 Value		(1.42)	(1.09)	0.89	16.15	37.56
Russell 2000		(5.11)	(6.47)	(4.17)	10.07	48.97
Russell 3000		(1.51)	1.57	2.65	14.91	38.68
MSCI EAFE		(0.46)	(3.23)	1.02	9.11	27.55
MSCI Emg Mkts		1.72	(1.73)	0.22	5.15	30.84
Fixed Income	**Δ Yield**	**1 Wk**	**1 Mo**	**3 Mo**	**YTD**	**1 Yr**
US Aggregate	1.88	(0.00)	(0.08)	(0.18)	(0.26)	(0.54)
High Yield	4.57	0.02	(0.11)	(0.33)	(0.54)	(1.07)
Municipal	1.82	(0.00)	(0.03)	(0.06)	(0.09)	(0.21)

Commodities	Current	6/30/21	3/31/21	12/31/20
Oil (WTI)	74.21	73.52	59.19	48.35
Gold	1806.00	1806.00	1691.10	1887.60
Currencies	**Current**	**6/30/21**	**3/31/21**	**12/31/20**
USD/Euro ($/€)	1.18	1.19	1.17	1.23
USD/GBP ($/£)	1.38	1.30	1.38	1.37
Yen/USD (¥/$)	110.18	110.18	110.61	103.19
Treasury Rates	**Current**	**6/30/21**	**3/31/21**	**12/31/20**
3 Month	0.05	0.05	0.03	0.09
2 Year	0.25	0.25	0.16	0.13
5 Year	0.79	0.87	0.92	0.36
10 Year	1.31	1.45	1.74	0.93
30 Year	1.93	2.06	2.41	1.65

Style Returns

MTD

	V	B	G
L	-0.77	0.27	1.27
M	-1.75	-2.11	-2.74
S	-5.72	-6.35	-6.96

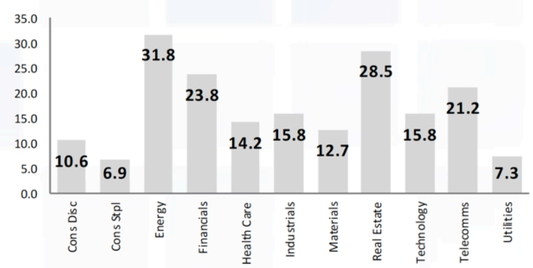
YTD

	V	B	G
L	16.15	15.27	14.42
M	17.36	13.79	7.42
S	19.45	10.07	1.40

S&P 500 Sector Returns

MTD

YTD



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