

THE WEEK IN REVIEW

Equities started the week on a positive note as investors digested news on COVID-19 vaccine prospects including a \$1.95 billion agreement for Pfizer (PFE) to supply the U.S. government with 100 million vaccine doses, after it is approved by regulators, and an option for another 500 million doses. Equities fell later in the week in response to the first uptick in U.S. unemployment claims since March. The price of gold recorded its seventh straight weekly gain to finish the week at an all-time high. Gold has become more attractive this year for investors seeking safer assets because of the lower opportunity cost of holding an asset that does not produce income. U.S. Treasury yields have been near, or less than, inflation for most of this year, leading to low or negative real interest rates which makes gold more attractive.

The Labor Department announced that initial unemployment claims rose by 1.4 million for the week ending July 18. This marks the 18th straight week that jobless claims reached at least 1 million. Claims rose for the first time in four months as some states either halted or reversed their planned business reopening schedules due to flare-ups of COVID-19 cases in some parts of the country.

On a positive note, private sector economic activity in July hit a 6-month high. The IHS Markit U.S. Composite Purchasing Managers Index, an indicator of manufacturing and service sectors activity, rose to 50.0 from 47.9 in June. A level above 50 indicates expansionary activity whereas below 50 indicates contractionary activity. The index's rise to 50 signals stabilization in private sector output, but the report also detailed faltering demand in the service sector as international travel restrictions hampered new business activity and new orders fell. On the manufacturing side, the report detailed upturns in new orders and output, pushing the sector into expansionary territory for the first time since the start of the pandemic.

The University of Michigan's Consumer Sentiment Index reading of 73.2 in July was below economists' projection for 79.0 and reversed most of the prior month's 5.8 point gain. It seems that the decline in consumer optimism stems from some states halting business reopening plans amid more virus cases and concerns that additional unemployment benefits from the stimulus programs may be ending next week.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Existing Home Sales (Millions Annualized)	4.72	5.27	▼
Leading Economic Indicators (Y/Y)	-8.6%	-7.3%	▼
New Home Sales (Thousands Annualized)	776	612	▲
Weekly Initial Jobless Claims (Thousands)	1,416	4,442	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	26469.89	-0.76%	-7.25%	-2.93%
NASDAQ	10363.18	-1.33%	15.50%	24.53%
S&P 500	3215.63	-0.28%	-0.47%	6.49%
MSCI EAFE	1875.42	1.24%	-7.93%	-2.60%
Bbg Barclays Aggregate US	2390.63	0.45%	7.44%	9.96%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.10%	0.14%	2.09%
10-Year Treasury	0.59%	0.68%	2.04%

REPORTS DUE NEXT WEEK	LATEST
GDP (Q/Q Annualized)	-5.0%
Durable Goods Orders	15.7%
Core PCE Price Index (Y/Y)	1.0%
Conf. Board Consumer Confidence	98.1

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.