



## THE WEEK IN REVIEW

Domestic equity markets began the first week of August on a strong note as better-than-feared earnings reports and encouraging economic data helped spur positive investor sentiment. The S&P 500 gained 2.5% for the week to climb within 1.0% of its all-time high, while gains in mega-cap technology-oriented stocks drove the Nasdaq to another record close this week. Failed negotiations on Thursday between the White House and top congressional Democrats over a new U.S. relief package snapped the 5-day winning streak as stocks faltered on Friday, despite July's positive payrolls report.

On Monday, the Institute for Supply Management (ISM) said its manufacturing index rose to 54.2% for the month of July, up 1.6% from the 52.6% reported in June. This marks the third consecutive month of growth and comes in at the highest level in over 12 months, after falling to an 11-year low of 41.5% in April. While readings of over 50% typically indicate an expansion of activity, the report can provide an incomplete picture of the economic environment. ISM indexes capture the rate of change of activity month over month, not necessarily output levels, which continue to remain low. Other economic data such as durable goods orders, industrial production, and the monthly U.S. jobs report show that companies continue to produce significantly fewer goods and employ fewer workers than pre-pandemic levels. New orders rose sharply (61.5% vs. the 56.4% reported in June) as new export sales returned to growth while employment contracted at a slower pace. Of the 18 manufacturing industries, 13 reported growth for the month of July, whereas Transportation Equipment, Machinery, and Fabricated Metal Products experienced a contraction for the month.

Nonfarm payrolls increased by 1,763,000 in July, which surpassed the median estimate of 1,480,000 in a Bloomberg survey of 71 economists. The unemployment rate of 10.2% in July also topped the consensus estimate of 10.6%. The combined job gains for May, June and July have totaled roughly 9.3 million, which marks the most jobs created in a three-month period in U.S. history. The slowdown in hiring during July compared to June's addition of 4.8 million workers is likely related to the recent resurgence in new COVID-19 cases in many states. Although total unemployment still remains well below February's high-water mark, the trend in labor markets in recent months appears favorable.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Durable Goods Orders	7.6%	-16.7%	▲
ISM Manufacturing	54.2	41.5	▲
ISM Non-Manufacturing	58.1	41.8	▲
Non-Farm Payrolls (Millions)	1.763	-20.787	▲
Unemployment Rate	10.2%	14.7%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	27433.48	3.80%	-3.87%	5.48%
NASDAQ	11010.98	2.47%	22.72%	40.04%
S&P 500	3351.28	2.45%	3.73%	16.20%
MSCI EAFE	1862.30	2.31%	-8.57%	1.80%
Bbg Barclays Aggregate US	2400.81	0.17%	7.90%	8.63%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.09%	0.14%	2.01%
10-Year Treasury	0.56%	0.64%	1.73%

REPORTS DUE NEXT WEEK	LATEST
Core Consumer Price Index (Y/Y)	1.2%
JOLTS Job Openings (Millions)	5.397
NFIB Small Business Optimism	100.6
U. of Mich. Consumer Sentiment	72.5
Producer Price Index (Y/Y)	11.1%

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