



## THE WEEK IN REVIEW

Equity indexes had a volatile week as investors digested updates on the economy, fiscal and monetary policy, amid the busiest week of second quarter earnings reporting season with reports from around 200 companies in the S&P 500. Congress failed to reach an agreement on the fifth pandemic stimulus deal before the month-end expiration of the \$600 per week supplement to unemployment benefits. After steadily declining for 15 straight weeks, initial unemployment claims rose for the second consecutive week to 1.43 million. The number of continuing unemployment claims rose to 17.02 million, its first increase since May.

U.S. gross domestic product (GDP) notched its biggest quarterly contraction on record, with a historic drop of 32.9% in the second quarter. The magnitude of the plunge in economic activity was widely expected by economists. Many factors contributed to the economic contraction including declines in personal spending, exports, inventories, and business investment.

The Federal Reserve's Federal Open Market Committee concluded its two-day monetary policy meeting on Wednesday and elected to hold short-term interest rates steady at 0% - 0.25%, as expected. The post-meeting memorandum stated that "economic activity and employment have picked up somewhat in recent months but remain well below their levels at the beginning of the year." The Fed extended its lending programs by three months through the end of the year. Economists expect the Fed to continue its dovish policy stance as the economy recovers.

U.S. consumer confidence weakened to 92.6 in July after hitting 98.3 in June, indicating consumers have become less optimistic about the short-term outlook for the economy and employment market as virus cases in the U.S. rose during the month. On a positive note, new orders for non-defense capital goods excluding aircraft, a proxy for business investment, increased by 3.3% in June, the biggest increase since July 2018.

Shares of Amazon (AMZN), Facebook (FB), and Apple (AAPL) jumped a few percent on Friday after reporting better-than-expected second quarter earnings which included double-digit revenue growth for each company during the pandemic shutdown. The CEOs from these three companies and Google's parent company, Alphabet (GOOGL), faced critical questions about their business practices during a congressional antitrust hearing earlier in the week. Lawmakers questioned the executives about how their business practices impact competitors and suppliers and how they moderate social media content. The executives defended their companies' actions and said intense competition forces them to innovate to serve customers.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
GDP (Q/Q Annualized)	-32.9%	-5%	▼
Initial Jobless Claims (Thousands)	1,434	3,867	▼
Conf. Board Consumer Confidence	92.6	85.7	▲
U. of Mich. Consumer Sentiment	72.5	71.8	▲
Core PCE Price Index (Y/Y)	0.9%	1.7%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	26428.32	-0.16%	-7.39%	-1.62%
NASDAQ	10745.27	3.69%	19.76%	31.43%
S&P 500	3271.12	1.73%	1.25%	9.76%
MSCI EAFE	1845.95	-0.75%	-9.38%	-2.70%
Bbg Barclays Aggregate US	2395.60	0.25%	7.67%	10.07%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.09%	0.13%	2.06%
10-Year Treasury	0.54%	0.66%	2.01%

REPORTS DUE NEXT WEEK	LATEST
Durable Goods Orders	7.3%
ISM Manufacturing	52.6
ISM Non-Manufacturing	57.1
Non-Farm Payrolls	4,800,000
Unemployment Rate	11.1%

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