Weekly Market Recap

The week in review

- Existing/new home sales at 4.72OM/776K
- Initial jobless claims at 1,416K
- Leading indicators rose 2.0% m/m
- Markit flash mfg./serv. PMIs at 51.3/49.8

The week ahead

- FOMC meeting
- 2Q20 GDP
- Consumer confidence/sentiment
- Personal income

Thought of the week

By the end of this month, the weekly $600 extra unemployment payment under the CARES Act is set to expire while Congress and the Administration negotiate some form of extension for the program. As we entered the deepest recession since the Great Depression and reached a record high unemployment rate of 14.7%, the CARES Act provided generous benefits to cushion the blow. As shown in this week’s chart, the weekly earnings of all production and nonsupervisory workers averaged $839 in June, while those who lost their jobs were mostly lower wage earners, with an average of $692 in weekly wages. The regular pre-pandemic unemployment insurance program pays $342 weekly, about half of their salaries, but with the enhancement provided by the government, many have made more than they would have done if they were still employed. While this stimulus has kept consumer spending afloat, it has discouraged some from returning to their jobs, thus adding to the challenges facing employers. With COVID-19 cases continuing to grow and joblessness still very high, there is heavy pressure on Congress to extend enhanced unemployment benefits in order to avoid widespread poverty. However, any new program will need to strike a delicate balance between providing enough support for households to pay their bills while still leaving an incentive for people to work rather than remain unemployed.

Please see important disclosure on next page.
Thought of the week: Source: Department of Labor, J.P. Morgan Asset Management. *$342 was average weekly benefit paid in the regular program in May 2020. 

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Equity Location and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's; Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composed of 30 widely-traded blue chip stocks), provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: Russell EAFE; provided by: MSCI - gross official pricing. Index: Russell Mid Cap Value; provided by: MSCI. Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Index (The Russell Mid Cap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet; 3 Month LIBOR, British Bankers’ Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold: FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the “Next 12 Months” (NTM) period. Market cap is a bottom-up weighted average based on share information from Computstat and price information from FactSet’s Pricing database as provided by Standard & Poor’s.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the “Next 12 Months” (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet’s Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the “Next 12 Months” (NTM) period. Market cap is a bottom-up weighted average based on share information from Computstat and price information from FactSet’s Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor’s. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Represents the 500 largest companies of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Growth Index (The Russell Mid Cap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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