

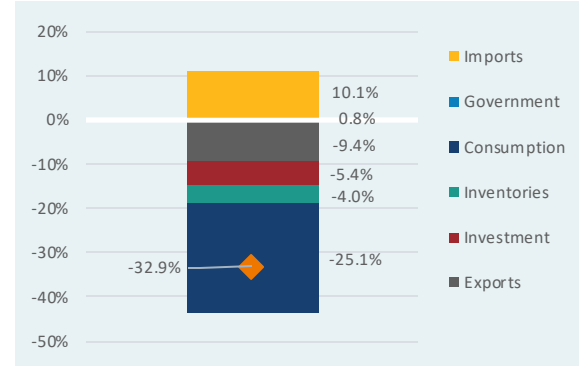
# Capital Markets Snapshot

July 27<sup>th</sup> to August 7<sup>th</sup>, 2020

## U.S. Economy

- U.S. GDP contracted at an annualized quarterly pace of -32.9% in Q2 (-9.5% YoY), its sharpest decline ever. Consumption (-34.6%) and domestic investment (-49.0%) plunged, while increases in non-defense government spending (+39.7%) provided support.
- In July, the ISM Manufacturing PMI increased from 52.6 to 54.2 and the ISM Services PMI rose from 57.1 to 58.1, both beating analyst expectations. Both PMIs were bolstered by improving new orders and hindered by a deteriorating employment component.
- The unemployment rate fell from 11.1% to 10.2% in July. Roughly 40% of the unemployed have been out of work for 15-26 weeks.

## Q2 2020 GDP DECOMPOSITION (QoQ SAAR)

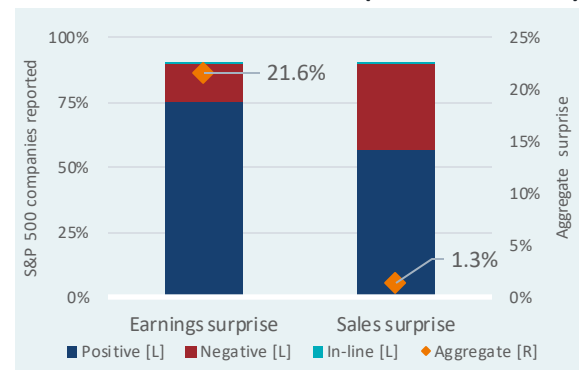


Source: BEA, as of 6/30/20

## U.S. Markets

- Within the U.S. equity market, small-cap stocks (Russell 2000 +7.0%) outperformed large-cap stocks (S&P 500 +4.3%) and tech companies underperformed (NASDAQ Composite +3.8%). Still, the NASDAQ price level breached 11,000 for the first time last week.
- With roughly 90% of S&P 500 companies reporting Q2 2020 earnings, aggregate sales and earnings have contracted -11.4% and -9.4%, though earnings have beat estimates by +21.6%.
- In its July meeting, the Federal Open Market Committee decided to leave interest rates unchanged and reiterated that the “path of the economy will depend significantly on the course of the virus.”

## Q2 2020 EARNINGS SEASON (~90% REPORTED)

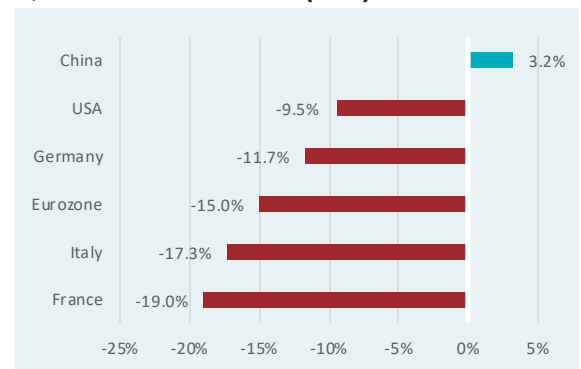


Source: Bloomberg, as of 8/7/20

## International Economy

- As expected, GDP contracted sharply around the world in the second quarter. On a year-over-year basis, economic output declined more in the Eurozone (-15.0%) than in the United States (-9.5%). Chinese GDP rebounded and grew +3.2% year-over-year.
- Core consumer price inflation in the Eurozone grew +1.2% YoY in a preliminary July reading, up from +0.8% in the prior month and ahead of expectations (+0.8%). Year-over-year price inflation in the non-energy industrial goods rose from +0.2% to +1.7%.
- The ECB reported that the M3 money supply for the Eurozone grew 9.2% YoY in June, the fastest growth rate since June 2008.

## Q2 2020 GDP GROWTH (YoY)

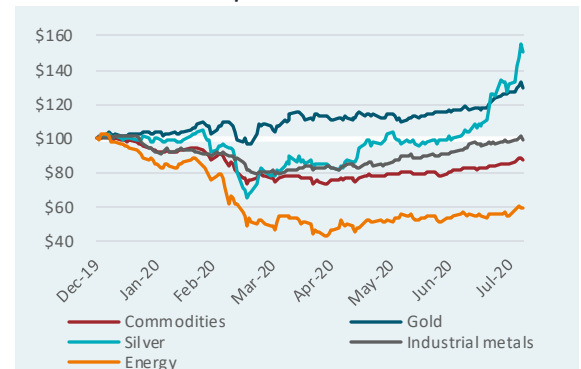


Source: Bloomberg, as of 6/30/20

## International Markets

- A broad commodity basket posted a solid return of 3.4%, driven by an extension of outsized returns within the precious metals segment. Over the period, the Bloomberg Silver and Gold Sub-Indexes posted returns of +18.9% and +4.8%, respectively.
- International developed equities (MSCI EAFE -0.2%) materially underperformed emerging market equities (MSCI EM +2.8%) and U.S. equities (S&P 500 +4.3%) in U.S.-dollar terms over the period. Relative to the dollar, the euro strengthened, and the yen slipped.
- Both the Chinese consulate in Houston and the U.S. consulate in Chengdu were closed as U.S.-Chinese tensions elevated.

## YTD GROWTH OF \$100 - COMMODITIES



Source: Bloomberg, as of 8/7/20



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# Capital Markets Snapshot

## MARKET PERFORMANCE

### Equities

	Last Two Weeks 7/27/2020 - 8/7/2020		July		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	4.28	9.11	5.64	13.28	8.27	12.14	4.93	42.13
Russell 2000 TR USD	6.97	19.16	2.77	22.50	8.96	21.92	-5.18	51.83
MSCI ACWI NR USD	2.85	9.18	5.29	11.76	7.48	11.05	0.76	33.86
MSCI EAFE NR USD	-0.21	15.34	2.33	15.11	4.33	14.69	-7.50	28.71
MSCI EM NR USD	2.77	14.05	8.94	21.18	10.02	20.32	-0.75	28.97

### Fixed Income

Barclays US Treasury US TIPS TR USD	1.00	2.67	2.30	1.93	2.59	2.21	8.75	9.03
Barclays US Treasury TR USD	0.20	3.00	1.14	2.37	0.99	2.60	9.79	7.38
Barclays Long Term US Treasury TR USD	0.36	10.27	4.23	8.64	3.71	9.31	25.70	23.71
Barclays US Agg Bond TR USD	0.40	1.93	1.49	1.60	1.60	1.74	7.83	5.63
Barclays US Credit TR USD	0.67	2.56	3.08	2.39	3.48	2.52	8.47	9.50
Barclays High Yield Corporate TR USD	1.41	1.82	4.69	3.41	5.28	3.21	1.28	13.25
JPM EMBI Global Diversified TR USD	2.05	2.44	3.71	3.95	5.08	3.73	2.18	15.09

### Other

Bloomberg Commodity TR USD	3.38	14.59	5.71	9.24	8.44	11.03	-12.60	19.28
Wilshire US REIT TR USD	6.37	17.72	4.38	20.74	5.69	20.01	-13.09	52.33
MSCI Currency Factor Mix ER USD	-0.10	2.14	-0.22	1.08	-0.31	1.56	-0.84	3.55

Source: Morningstar, Data as of last available market close, Top/bottom two highlighted.

## ECONOMIC DATA - RELEASED

Date	Country	Event	Freq	Period	Surv(M)	Actual	Surprise
07/27/20	GE	Ifo Business Climate	M	Jul	89.3	90.5	0.9
07/27/20	US	Durable Goods Orders	M	Jun P	6.9%	7.3%	0.1
07/27/20	US	Dallas Fed Manf. Activity	M	Jul	-4.8	-3.0	0.7
07/28/20	US	Conf. Board Consumer Confidence	M	Jul	95.0	92.6	-0.9
07/29/20	US	Advance Goods Trade Balance	M	Jun	-\$75.4b	-\$70.6b	1.9
07/29/20	JN	Retail Sales YoY	M	Jun	-5.7%	-1.2%	2.3
07/30/20	GE	GDP WDA YoY	Q	2QP	-11.5%	-11.7%	-0.1
07/30/20	EC	Economic Confidence	M	Jul	81.4	82.3	0.5
07/30/20	US	GDP Annualized QoQ	Q	2QA	-34.5%	-32.9%	0.5
07/31/20	EC	GDP SA YoY	Q	2QA	-14.5%	-15.0%	-0.4
07/31/20	EC	CPI Core YoY	M	Jul P	0.8%	1.2%	3.5
07/31/20	US	PCE Core Deflator YoY	M	Jun	1.0%	0.9%	-1.6
08/05/20	US	ISM Services Index	M	Jul	55.0	58.1	2.2
08/07/20	US	Change in Nonfarm Payrolls	M	Jul	1480k	1763k	0.4
08/07/20	US	Unemployment Rate	M	Jul	10.6%	10.2%	-0.7

## ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
08/10/20	JN	Eco Watchers Survey Outlook SA	M	Jul	44.0	44.0	1.5
08/11/20	GE	ZEW Survey Expectations	M	Aug	59.3	55.6	5.8
08/11/20	US	NFIB Small Business Optimism	M	Jul	100.6	100.4	2.8
08/11/20	JN	Money Stock M2 YoY	M	Jul	7.2%	8.4%	0.5
08/11/20	UK	GDP YoY	Q	2QP	-1.7%	-22.4%	1.6
08/12/20	EC	Industrial Production WDA YoY	M	Jun	-20.9%	-11.3%	1.6
08/12/20	US	CPI Ex Food and Energy YoY	M	Jul	1.2%	1.1%	0.1
08/13/20	US	Initial Jobless Claims	W	8-Aug	1186k	1150k	168.1
08/14/20	US	Retail Sales Advance MoM	M	Jul	7.5%	1.8%	0.9
08/14/20	US	Capacity Utilization	M	Jul	68.6%	70.5%	0.7
08/14/20	US	U. of Mich. Sentiment	M	Aug P	72.5	71.7	1.8
08/16/20	JN	GDP Annualized SA QoQ	Q	2QP	-2.2%	-27.0%	0.0
08/16/20	JN	GDP Private Consumption QoQ	Q	2QP	-0.8%	-7.0%	0.5
08/17/20	US	Empire Manufacturing	M	Aug	17.2	14.5	0.5
08/20/20	US	Philadelphia Fed Business Outlook	M	Aug	24.1	21.0	1.7

Source: Bloomberg



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