THE WEEK IN REVIEW

In a turnaround from a trend in place for most of the last three months, the Dow Jones Industrial Average and S&P 500 Index outperformed the Nasdaq Composite this week. This was partly due to the weak relative performance of the technology and communication services stocks, which are more heavily represented in the Nasdaq than in its counterparts. This week was also marked by several developments in the fight against the COVID-19 pandemic. Markets enthusiastically greeted biopharmaceutical firm Moderna’s (MNRA) announcement on Tuesday that a phase-one FDA study of its experimental COVID-19 vaccine produced encouraging levels of virus-killing antibodies. Meanwhile, states across the south and west took various steps to combat a recent surge in daily infections including mandatory mask requirements in Arkansas and Georgia and California’s announcement that it will close indoor restaurants, movie theaters and bars.

Second quarter earnings season began in earnest this week led by many of the largest U.S. banks. The quarter was mixed for the bank cohort from the perspective of both results and guidance offered by their management teams. JPMorgan (JPM), Goldman Sachs (GS) and Morgan Stanley (MS) all saw their shares rise following better-than-expected revenue boosted by trading results. Meanwhile, shares of Bank of America (BAC) and Wells Fargo (WFC) declined on larger-than-expected increases in loan loss reserves and a dramatic dividend cut in the case of WFC.

Elsewhere in the financial sector, asset management firm BlackRock (BLK) reported a quarterly profit increase of 21%, as the firm saw a massive inflow of client investments in fixed income and cash management funds in the second quarter. In the consumer staples sector, beverage and snacks giant PepsiCo (PEP) beat profit and revenue estimates, as its organic sales grew 4% in the period compared to a year ago driven by its Frito-Lay North America and Quaker Oats segments.

On the economic front, headline consumer inflation in the U.S. during June surprised to the upside driven by higher prices for gasoline and food. Domestic retail sales increased 7.5% in June, following an 18.2% jump in May. The gain was better than economists had forecast for a second straight month, boosted by an increase in business reopenings. In labor markets, initial jobless claims fell by 10,000 to 1.3 million last week, which marked the smallest weekly decline since March.

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

ECONOMIC INDICATOR | LATEST | 3MO PRIOR | CHANGE
--- | --- | --- | ---
Consumer Price Index (Y/Y) | 0.0 | 0.0 | ▼
NFIB Small Business Optimism | 100.60 | 96.40 | ▲
Retail Sales (M/M) | 0.1 | 0.1 | ▲
U. of Mich. Consumer Sentiment | 73 | 72 | ▲

INDEX | LEVEL | WEEK | YTD | 12 MO
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DJ Industrial Average | 26671.95 | 2.29% | -6.54% | -2.01%
NASDAQ | 10503.19 | -1.08% | 17.06% | 28.32%
S&P 500 | 3224.73 | 1.25% | -0.19% | 8.05%
MSCI EAFE | 1852.55 | 2.19% | -9.05% | -3.40%
Bbg Barclays Aggregate US | 2380.99 | 0.28% | 7.01% | 9.72%

KEY BOND RATES | WEEK | 1MO AGO | 1YR AGO
--- | --- | --- | ---
3-Month T-Bill | 0.11% | 0.15% | 2.11%
10-Year Treasury | 0.62% | 0.74% | 2.05%

REPORTS DUE NEXT WEEK | LATEST
--- | ---
Existing Home Sales (Millions Annualized) | 3.9
Leading Economic Indicators (Y/Y) | -10.6%
New Home Sales (Thousands Annualized) | 67600.0%
Weekly Initial Jobless Claims (Thousands) | 1300.0

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