



Last Week's Economic/Market Summary – July 27, 2020

Data

- U.S. equity benchmarks finished the week in negative territory last week.
 - S&P 500 -0.28%, Dow -0.80%, Russell 2000 -0.40%, Nasdaq -1.50%¹
 - The All-Country World Index was flat at -0.03%.¹
 - S&P 500 sub-sectors were extremely mixed on the week.
 - Energy, Financials, & Consumer Discretionary led to the upside with gains over 1%.¹
 - Technology led to the downside with a loss of -1.53%.¹
 - The CBOE Volatility Index (VIX) was mostly flat and ended at 25.54.¹
- US Treasury bonds rallied slightly as yields fell further.
 - US 2yr flat at 0.15%, 10yr -0.04% to 0.59%, 30yr -0.10% to 1.23%.¹
 - The bond market continues to tell a slightly different story than equity markets at large.
- Commodities as an aggregate asset class moved higher last week.
 - WTI Crude was up over 1%.¹
 - Gold rose 5.02%.¹
 - The US Dollar index sank 1.66%.¹
- In our opinion, U.S. economic data was mixed last week.
 - Initial jobless claims came in over expectations; these are over 1 mil for the 18th straight week.¹
 - New home sales came in stronger than expected.¹
 - Eurozone PMI data exceeded expectations while US figures lagged consensus estimates.¹
- An index of equities outside the US (MSCI EFA) was positive last week & outperformed domestic indices.¹

¹ Source: Bloomberg – 7/24/2020

Disclosures: The information provided in this paper is for general informational purposes only and should not be considered an individualized recommendation of any particular security, strategy or investment product, and should not be construed as investment, legal or tax advice. Capital Investment Advisory Services, LLC makes no warranties with regard to the information or results obtained by third parties and its use and disclaim any liability arising out of or reliance on the information. This information is subject to change and, although based on information that Capital Investment Advisory Services, LLC considers reliable, it is not guaranteed as to accuracy or completeness. Source information is obtained from independent financial data suppliers. For investment related terms definitions, please visit: www.investopedia.com Past performance is no guarantee of future results. Additional information about CIAS and its Form ADV Part 2A are available on the SEC's website at www.adviserinfo.sec.gov Advisory services through Capital Investment Advisory Services, LLC Securities may be offered through Capital Investment Group, Inc. Member FINRA/SIPC Both firms located at 100 E. Six Forks Rd. Suite 200, Raleigh, NC 27609 919-831-2370

Conclusion

- US equity markets ended a 3-week streak of gains with losses across the board.
 - Increasing US-China tensions and disappointing big Technology company earnings were the key news drivers last week.
 - S&P 500 -0.28%, Dow -0.80%, Russell 2000 -0.40%, Nasdaq -1.50%
 - The Nasdaq was the worst performer last week with a loss of 1.5%.²
 - Semi-conductors and other equipment makers led this sector's losses.²
- S&P 500 sub-sectors were mixed last week.
 - Energy, the year-to-date laggard in sector performance, led to the upside last week while the YTD winner by a wide margin (Tech) led to the downside.²
 - While this price action could be profit taking, it deserves continued attention.
 - Any rotation out of Tech into other sectors could have broad implications for overall equity index performance.
- Any weakness in the "Big Tech" names will weigh on the overall indices more-so than in the past.
 - These large tech co's now account for 38% of the S&P 500's weighting.²
 - This is the largest sector concentration in the broader index since Energy accounted for 29% of the S&P 500 in December of 1980.²
- Equities outside of the US were slightly positive last week.
 - The Eurozone member countries reached a stimulus deal that will attempt to boost economic activity in the area by issuing bonds.²
 - Emerging Markets gains last week despite profit taking from Chinese shares.²
 - Continued weakness in the US Dollar could give foreign traded names a tailwind in relative performance vs. US equities.
- 25% of S&P 500 companies have reported earnings thus far.²
 - 82% have beat earnings per shares expectations while 69% have beaten revenue estimates.²
 - Year over year figures, however, are lower by 16.4% and 8.5% respectively.²
 - The heart of earnings season comes this week and we believe all eyes will be on forward guidance from these co's such as Amazon, Apple, Facebook & Google.
- The current \$600/week gov't unemployment subsidy expires this week.²
 - With 30 million American's on some sort of gov't unemployment benefit program, we believe this program ending could pose risks to the economic recovery.
 - Consumer spending is critical to the US economy and this could put a dent into many American's spending ability.

Ryan A. Mummy, CFP®, AIF® - Chief Investment Officer

Contact: 828/855-9400 or info@CIASonline.com or rmummy@bloomberg.net

² Source: Bloomberg – 7/24/2020

Disclosures: The information provided in this paper is for general informational purposes only and should not be considered an individualized recommendation of any particular security, strategy or investment product, and should not be construed as investment, legal or tax advice. Capital Investment Advisory Services, LLC makes no warranties with regard to the information or results obtained by third parties and its use and disclaim any liability arising out of or reliance on the information. This information is subject to change and, although based on information that Capital Investment Advisory Services, LLC considers reliable, it is not guaranteed as to accuracy or completeness. Source information is obtained from independent financial data suppliers. For investment related terms definitions, please visit: www.investopedia.com Past performance is no guarantee of future results. Additional information about CIAS and its Form ADV Part 2A are available on the SEC's website at www.adviserinfo.sec.gov Advisory services through Capital Investment Advisory Services, LLC Securities may be offered through Capital Investment Group, Inc. Member FINRA/SIPC Both firms located at 100 E. Six Forks Rd. Suite 200, Raleigh, NC 27609 919-831-2370