

Weekly Recap

Economic Calendar

Monday, July 6
ISM Services PMI.

Tuesday, July 7
U.S. Export Import Data.

Wednesday July 8
Mortgage Applications,
Wholesale Inventories, June
FOMC Minutes.

Thursday, July 9
Jobless Claims, Existing
Home Sales.

Friday, July 10
No Major Release.

[The Latest from @CeteraIM](#)

[Jobs Opening Remains
Steady](#)

[Equity and Fixed Income
Correlation at its Highest](#)

[Russell 2000 Returns 21.5%
in Q2](#)

[The Week Ahead Video](#)

Did You know?

July has posted gains in each of the last 10 years, with an average return of 3.4%.

Investors Digest Jobs Report, Await Earnings

Labor Market Data Dictates Trend

It was a shortened week, with labor market data driving much of the market narrative. Job openings were largely unchanged in May, while the U.S. added just 57,000 jobs in June. The unemployment rate fell to 4.2% as fewer workers exited the labor force. However, Leisure & Hospitality, a key indicator of discretionary consumer spending, lost 61,000 jobs. Semiconductor stocks weakened after a social media company announced plans to lease excess AI data center capacity, raising concerns about potential oversupply.

For the Week...

The tech-heavy Nasdaq Composite (+2.1%) led gains, while the S&P 500 (+1.8%) and Dow Jones Industrial Average (+2.0%) also moved higher. The Russell 2000 inched lower (-0.4%) for the week. Internationally, MSCI Developed Markets rose 2.0%, while Emerging Markets were down -1.2%.

June Labor Data Misses Expectations

The labor market added 57,000 jobs in June, well below expectations of 100,000, while prior two months were revised down by 74,000. The unemployment rate fell to 4.2% from 4.3%. Professional & Business Services continued to add jobs, while Leisure & Hospitality lost jobs.

Weekly Sector Insights

8 of the 11 sectors ended the week higher, led by Communication Services (+5.0%) as a major Social Media company pivoted to leasing data center space. Financials (+3.7%) and Consumer Discretionary (+2.8%) also edged higher. Real Estate (-1.3%) and Utilities (-1.0) fell as investors rotated out of value.

Treasury Yields Rise

The yield on the 10-year Treasury note rose from 4.37% to 4.49% for the week. Bond yields move inversely to prices. The U.S. Dollar Index was down 0.5%. U.S. WTI crude oil fell 0.8% amid continued progress in U.S.-Iran peace negotiations. Gold rose 0.7% for the week.

The Week Ahead

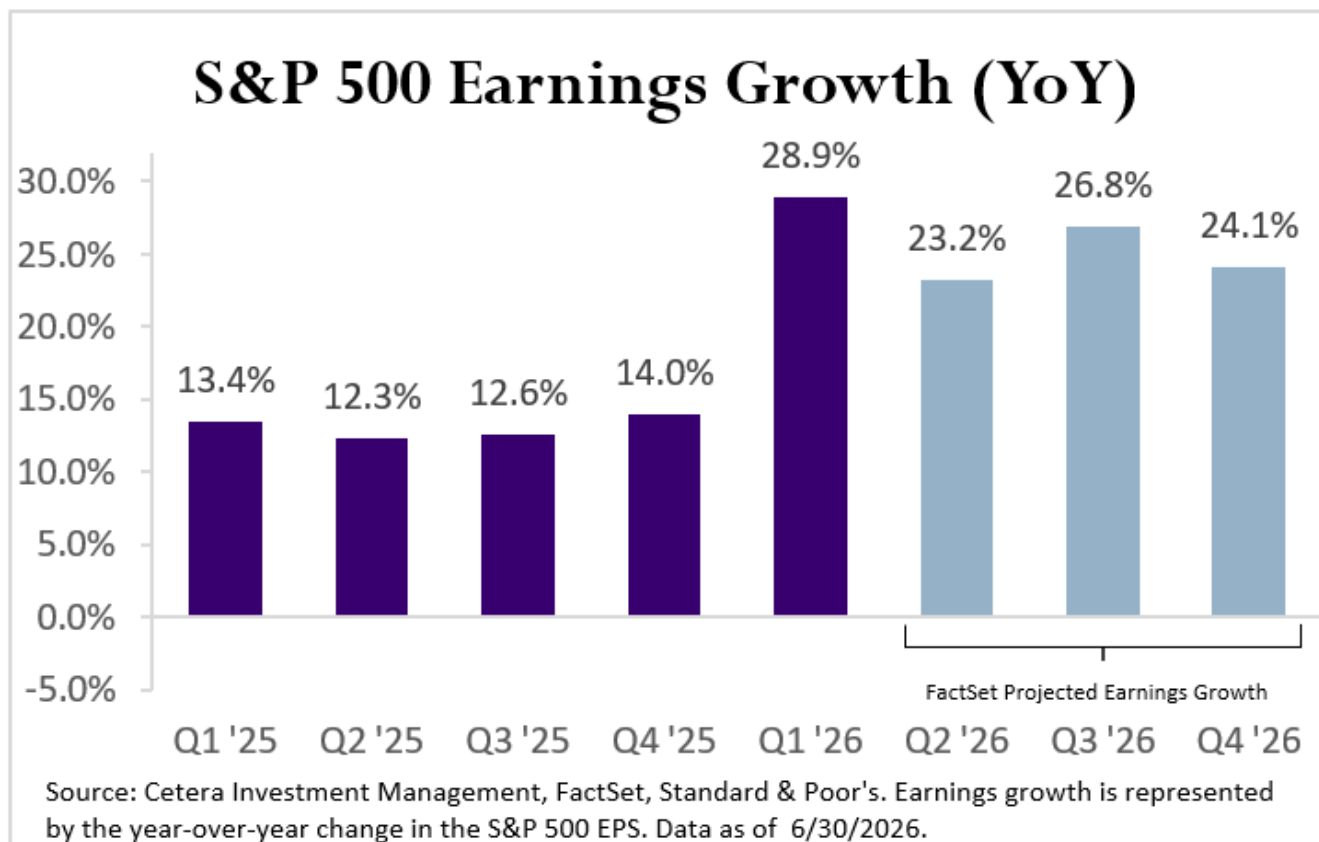
This is expected to be a relatively quiet week as markets continue to digest June economic data. Earnings from a major consumer staples company and a leading airline later in the week could offer an early gauge of consumer health and spending trends.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	1.99%	1.12%	14.22%	10.99%	19.96%	17.51%
S&P 500	1.78%	-0.21%	14.00%	9.98%	20.60%	20.46%
NASDAQ Composite	2.12%	-1.45%	18.24%	11.49%	26.15%	24.02%
Russell 3000	1.68%	-0.25%	14.16%	10.60%	20.89%	20.17%
Russell 2000	-0.42%	-0.93%	18.75%	21.43%	34.87%	18.05%
MSCI EAFE	1.95%	0.90%	8.93%	10.43%	21.15%	16.68%
MSCI Emerging Markets	-1.18%	-2.17%	18.19%	21.16%	38.63%	21.51%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-0.50%	-0.14%	0.31%	0.48%	4.11%	4.18%
Bloomberg Municipal Bonds	0.08%	-0.09%	2.10%	2.23%	6.97%	3.72%
Bloomberg US Corp High Yield	0.29%	0.09%	2.15%	2.05%	5.78%	8.86%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	0.13%	-0.06%	-9.49%	14.28%	23.67%	11.72%
S&P GSCI Crude Oil	-0.78%	-1.17%	-38.42%	19.63%	2.52%	-0.53%
S&P GSCI Gold	0.72%	2.16%	-11.84%	-4.96%	23.42%	28.80%

Source: Cetera Investment Management, FactSet. Total returns used, which includes dividends and interest.

Chart of the Week: Robust Earnings Outlook



The S&P 500 has posted double-digit earnings growth for six consecutive quarters, including 28.9% growth in Q1. FactSet Research currently projects that earnings growth will exceed 20% for the rest of the year, which supports the market but raises the hurdle for upside surprises.

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Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE** Index is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.