

# WEEKLY UPDATE

JULY 6, 2020

CARY STREET  
PARTNERS

## EQUITY MARKETS

Equities finished the second quarter last week, turning in the best calendar quarter since 1998 with a gain in the S&P 500 Index of 20.54%<sup>1</sup>. Of course, this follows a very difficult first quarter, with the market establishing a bottom on March 23rd. Large gains are a market hallmark coming off bottoms. The S&P finished the second quarter 3.08%<sup>1</sup> below the start of 2020. A notable distinction of this year's difficult market environment has been the rapidity of the large decline in the days leading up to the March bottom, and the equally rapid ascent of equity prices since that bottom. To put into context the speed of drawdown and recovery that we have witnessed, consider the following, all records:

- The fastest transition from all time high to bear market (20% decline) occurred in **16 TRADING DAYS**, surpassing the previous record of 30 trading days set in 1929
- **23 TRADING DAYS** for the S&P to decline from its all time high to the market low on March 23rd
- **38 TRADING DAYS** for the S&P to complete a 50% retracement of the drawdown
- **76 TRADING DAYS**, as of June 8th, for the S&P to trade within 5% of its all-time high<sup>2</sup>

Over the past ten bear markets, it has taken more than 76 trading days for the S&P to complete the initial drawdown from all-time high to bear-market bottom, much less make an almost complete round trip to the all-time high.<sup>2</sup>

## CREDIT MARKETS

The U.S. bond market had strong returns for the first half of 2020, outperforming global, emerging market, Asia, and European benchmark indices. Treasuries returned 8.71% leading all U.S. fixed income instruments.<sup>3</sup> U.S. Aggregate, Corporate, Inflation protected, mortgage backed securities (MBS) and municipal indices all had strong positive returns.<sup>4</sup> The High-Yield Index is down 3.8% for the year after rallying 10.18% in the second quarter.<sup>5</sup> Investment-grade corporate bonds had the highest quarterly returns since 2009.

	2nd QTR Return	YTD Return
<b>U.S. TREASURY</b>	0.48%	8.71%
<b>U.S. AGGREGATE</b>	2.90%	6.14%
<b>CORPORATE</b>	8.98%	5.02%
<b>U.S. MBS</b>	0.67%	3.50%
<b>U.S. HIGH YIELD</b>	10.18%	-3.80%
<b>MUNICIPAL</b>	2.72%	2.08%

Bloomberg Indices

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## WEEKLY BENCHMARKS

GROUP/INVESTMENT	YTD Return (Cumulative) <b>7.03.2020</b>
<b>US EQUITY BENCHMARKS</b>	
SPDR® S&P 500 ETF TRUST	-2.07
ISHARES DOW JONES US ETF	-2.28
ISHARES RUSSELL 1000 ETF	-1.85
ISHARES RUSSELL 1000 VALUE ETF	-16.07
ISHARES RUSSELL 1000 GROWTH ETF	11.68
ISHARES RUSSELL 2000 ETF	-13.55
<b>INTERNATIONAL EQUITY BENCHMARKS</b>	
ISHARES MSCI ACWI EX US ETF	-9.38
ISHARES MSCI ACWI ETF	-4.83
<b>US FIXED BENCHMARKS</b>	
ISHARES SHORT TREASURY BOND ETF	0.82
ISHARES CORE US AGGREGATE BOND ETF	6.20
ISHARES TIPS BOND ETF	6.35
ISHARES IBOX \$ INVMT GRADE CORP BD ETF	6.91
ISHARES IBOX \$ HIGH YIELD CORP BD ETF	-4.50
ISHARES MBS ETF	3.57
<b>INTERNATIONAL FIXED BENCHMARKS</b>	
ISHARES CORE GLOBAL AGGT BD ETF USD DIST	3.14
<b>US FIXED MUNI BENCHMARKS</b>	
ISHARES NATIONAL MUNI BOND ETF	2.12
<b>REAL ASSETS</b>	
ISHARES GOLD TRUST	16.59
SPDR® DOW JONES GLOBAL REAL ESTATE ETF	-21.22

Source: Morningstar

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## ECONOMIC RELEASES

- **MAY PENDING HOME SALES** increased 44.3% month-over-month. The market was expecting 19.3%.
- **THE S&P/ CASE-SHILLER HOME PRICE INDEX** increased 0.3% in April. On an annual basis national home prices rose 4.7%. Housing prices remain stable with lower mortgage rates and low inventories.<sup>6</sup>
- **THE INSTITUTE FOR SUPPLY MANAGEMENT (ISM) MANUFACTURING INDEX** increased to 52.6%, above market expectations of 49.8%. This monthly index is now higher than pre-pandemic levels.
- **NONFARM PAYROLLS** increased by 4.8 million jobs, higher than expectations of 3.23 million. The unemployment rate declined to 11.1% from 13.3%.<sup>7</sup>

<sup>1</sup> John Hancock

<sup>2</sup> Glenmede Investment Management

<sup>3</sup> Bloomberg Barclays US Treasury Index

<sup>4</sup> Bloomberg Indices

<sup>5</sup> Bloomberg Barclays US Corp HY

<sup>6</sup> S&P/Case Shiller

<sup>7</sup> Bureau of Labor Statistics

### **Past performance is no guarantee of future results.**

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