

June 2020 Market Watch

The S&P 500 Index rose +1.99% on a total return basis in the month of June. This follows back-to-back gains in April (+12.82%) and May (+4.76%). June was a seesaw month, with one week's gains being largely reversed by the following week's losses.

Since the March 23rd low, the S&P 500 is now up +39.31%. Moreover, the S&P 500 finished up +20.54% for the quarter, marking its best quarterly gain since 1998. This followed a -19.60% decline in the first quarter of the year. A reopening of economies across the country and enormous government stimulus packages have translated into improved economic data, giving investors hope that a sharp V-shaped rebound could be a possibility. May U.S. Retail Sales numbers were released in June and showed an 18% jump, the biggest monthly gain on record. However, investors still showed some skepticism at the end of the month, as news of COVID-19 resurgences in Arizona, Texas, Florida, and California emerged.

The U.S. unemployment rate decreased from 13.3% to 11.1% in June, as the U.S. labor market regained 4.8 million jobs. This is still 15 million jobs below February, when COVID-19 was just beginning to hit the U.S. economy. Job gains in leisure and hospitality accounted for 40% of the employment growth in June. Prior to COVID-19, we had the lowest unemployment rate in 50 years, but today we stand with one of the highest levels in history.

	Date	1 Week Ago		1 Month Ago		1 Year Ago		YTD
	6/30/20	6/23/20	% chg*	5/31/20	% chg*	6/30/19	% chg*	% chg*
DJIA	25,812.9	26,156.1	-1.3%	25,383.2	1.7%	26,600.0	-3.0%	-9.6%
S&P 500	3,100.3	3,131.3	-1.0%	3,044.3	1.8%	2,941.8	5.4%	-4.0%
NYSE Comp Index	11,893.8	12,077.7	-1.5%	11,802.9	0.8%	13,049.7	-8.9%	-14.5%
NASDAQ Composite	10,058.8	10,131.4	-0.7%	9,489.9	6.0%	8,006.2	25.6%	12.1%
Russell 2000	1,441.4	1,439.3	0.1%	1,394.0	3.4%	1,566.6	-8.0%	-13.6%
MSCI EM (Emerging Markets)	995.1	1,014.6	-1.9%	930.4	7.0%	1,054.9	-5.7%	-10.7%
MSCI EAFE	1,780.6	1,832.1	-2.8%	1,725.1	3.2%	1,922.3	-7.4%	-12.6%
Japan Nikkei 225	22,288.1	22,549.1	-1.2%	21,877.9	1.9%	21,275.9	4.8%	-5.8%
FTSE 100	6,169.7	6,320.1	-2.4%	6,076.6	1.5%	7,425.6	-16.9%	-16.9%
SSE Comp Index	2,984.7	2,970.6	0.5%	2,852.4	4.6%	2,978.9	0.2%	-2.1%

US Equity Sector Performance

	June	YTD	1 Yr Ret.
Consumer Discretionary	5.0%	7.2%	12.6%
Consumer Staples	-0.3%	-5.7%	3.6%
Energy	-1.3%	-35.3%	-36.1%
Financials	-0.3%	-23.6%	-13.9%
Health Care	-2.4%	-0.8%	10.9%
Industrials	2.0%	-14.6%	-9.0%
Information Tech	7.1%	15.0%	35.9%
Materials	2.2%	-6.9%	-1.1%
Communication Services	-0.5%	-0.3%	11.1%
Utilities	-4.7%	-11.1%	-2.1%
Real Estate	1.4%	-8.1%	-1.8%

US Equity Style Performance

	June	YTD	1 Yr Ret.
Dow Jones Utilities	-4.9%	-12.7%	-5.3%
DJ TRANS Avg.	2.4%	-15.1%	-10.8%
Russell 1000 Value	-0.7%	-16.3%	-8.8%
Russell 1000 Growth	4.4%	9.8%	23.3%
Russell 2000 Value	2.9%	-23.5%	-17.5%
Russell 2000 Growth	3.8%	-3.1%	3.5%

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From a sector standpoint, five out of eleven sectors in the S&P 500 had positive returns in the month. Information Technology (+7.1%) and Consumer Discretionary (+5.0%) were the top performing sectors, while the Utilities (-4.7%) and Healthcare (-2.4%) sectors were the weakest performers. Small Cap stocks were the best performers for the month (+3.5%), but still remain the worst performers YTD (-13.0%). Growth stocks continue to outpace Value stocks for the month, quarter, and year-to-date. Growth Stocks are up +9.0% so far this year, while Value stocks are down -16.7%.

Developed International Equities (+3.2%) and Emerging Market Equities (+7.0%) were both positive in June, outperforming U.S. equities. Central banks across the globe have made it clear that they are willing to continue to do whatever it takes to keep government and corporate borrowing costs low. The Bank of England just expanded their quantitative easing program by GBP 100 billion, which has helped keep the 10-year Gilt yield low at 0.2%. In Emerging Markets, China led the index up +9.0% MTD and remains a top performer YTD (+3.5%), as their economy has largely reopened and new infections remain at very low levels.

Across all maturities, U.S. Benchmark rates barely moved from their May levels. Investor risk appetite appears to have increased, as riskier fixed income asset classes such as Global High Yield and Emerging Market Debt increased roughly 2% in the month.

The Bloomberg Commodity Index finished up +2.3% MTD. Crude oil extended its rally, up +10.7% in June, but still remains down -32.8% from a year-ago. Gold continues to climb, up +2.8% MTD and +27.4% from a year-ago.

Bond Markets (%)

	6/30/20	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	0.16	0.15	2.12
US Benchmark Bond – 6 Mth	0.18	0.18	2.04
US Benchmark Bond – 2 Yr	0.15	0.14	1.73
US Benchmark Bond – 5 Yr	0.28	0.30	1.75
US Benchmark Bond – 10 Yr	0.65	0.65	2.00
US Benchmark Bond – 30 Yr	1.41	1.42	2.53

US Bond Sector Performance

	June	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Govt. Interm. TR	0.09	5.75	7.01

Exchange Rates (per US dollar)

	6/30/20	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.362	1.382	1.307
Mexican Peso	23.107	22.130	19.212
Euro	0.890	0.899	0.878
British Pound	0.809	0.809	0.786
Swiss Franc	0.948	0.961	0.975
Chinese Yuan	7.074	7.146	6.868
Indian Rupee	75.504	75.616	69.028
Japanese Yen	107.885	107.735	107.740

Commodities (In US dollars)

	6/30/20	1 Mth Ago	1 Yr Ago
Gold	1,800.50	1,751.70	1,413.70
Crude Oil	39.27	35.49	58.47
US Dollar Index	97.35	98.34	95.67
Bloomberg Commodity Index	64.98	63.54	79.65

Interest Rates (%)

	6/30/20	1 Mth Ago	1 Yr Ago
Prime Rate	3.25	3.25	5.50
Federal Funds Rate	0.06	0.05	2.41
Libor Rate 30 Day	0.16	0.18	2.40
Libor Rate 3 Months	0.30	0.34	2.32
30yr Fixed Mortgage	3.13	3.15	3.73

Economic Sentiment

	6/30/20	1 Yr Ago
Unemployment Rate	11.1%	3.70%
Average Single Family Home Capacity Utilization	321,500	323,500
	64.80%	77.69%

*Performance for world indices represents price returns (excluding dividends) for the DJIA, S&P 500, NASDAQ, Russell 2000, MSCI EM, MSCI EAFE, NYSE, SSE, and Nikkei, due to data availability.

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