



The Month in Review

July Takeaways

- *Moving from fighting a fiasco to a state of flux.* The markets and the economy continued to show signs of improvement in July as equity markets recovered more lost ground. We see ongoing positive data on the economic front, with the July Institute of Supply Management (ISM) and Purchasing Manager's Index (PMI) moving higher for the third month. Manufacturing continues to recover.
- *Not everything is looking rosy however.* An uptick in COVID-19 cases has caused some states to re-instate partial lock-downs and this has resulted in a slight increase in weekly jobless claims. However, the latest Jobless Claims report for July shows slowing but positive payroll growth. I will take that, considering Second Quarter GDP showed the biggest decline since record keeping began in 1947. Trailing earnings continue to be a challenge from a valuation standpoint. This is what flux looks and feels like.
- On a *positive note*, equity prices continued to climb in July with indexes posting returns between 2-4%. Not great, but encouraging nonetheless. You actually want to see a more modest advance as it keeps the volatility index (VIX) down and Algo-Traders at bay. *Slow and steady should win this race.*
- *The technical picture of the stock market remains positive.* We have been in the current uptrend since early April. Although leadership is narrow, I continue to see more evidence of many sectors and industries hitting new highs, especially in the tech sector.
- *This does not come as a big surprise.* As I have alluded to in earlier letters, as a *resolution* to the pandemic moves along, a *revolution (no, not that kind)* of innovation will emerge. I really believe that, but depending who you talk to you are still going to find opinions from pillar to post about what the future holds. For every person moderately concerned about a resurgence of the virus, you can also talk to people stocking up on food, medicine and alcohol!
- *That is where we find ourselves moving into the second half of 2020.* Let us wind this up by talking about football! I have been lucky enough to attend a few Notre Dames in recent years. The marching band plays a number of fan favorites including a second-half rendition of an old Bon Jovi song "Livin on a Prayer." Things feel a little like that in the world right now. Good advice? *Stay tuned!*

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