



SUMMIT FINANCIAL

Summit Snapshot: Week of June 28th, 2021

Periodic Returns

	Trailing Week			Quarter-to-Date			Year-to-Date		
	Value	Blend	Growth	Value	Blend	Growth	Value	Blend	Growth
U.S. Large-Cap	3.2%	2.9%	2.5%	5.7%	8.2%	10.8%	17.6%	14.6%	11.9%
U.S. Mid-Cap	3.9%	3.8%	3.6%	6.6%	8.0%	10.8%	20.5%	16.8%	10.1%
U.S. Small-Cap	4.1%	4.3%	4.5%	6.4%	5.3%	4.2%	29.0%	18.7%	9.2%

	Trailing Week	Quarter-to-Date	Year-to-Date
S&P 500 Index	2.8%	8.1%	14.8%
NASDAQ Composite	2.4%	8.6%	11.8%
International Developed	1.5%	6.8%	10.6%
Emerging Markets	1.4%	5.3%	7.7%
U.S. Aggregate Bond	-0.4%	1.4%	-2.0%
U.S. Municipals	-0.2%	1.3%	0.9%
Corporate High Yield	0.4%	2.5%	3.3%

Source: Morningstar, see 'Disclaimer' for details

U.S. Equity Markets

- U.S. stocks recovered last week's lost ground and the S&P 500 Index and tech-heavy NASDAQ Composite reached new highs. Many major indexes had their best weekly gain since early April.
- Energy stocks within the S&P 500 Index rose nearly 7% as oil prices reached their highest level since late 2018. Yield-oriented, defensive sectors, such as real estate and utilities lagged amongst higher rates and a risk-on sentiment.
- Value and small-cap stocks generally bested growth and large-cap stocks, respectively. While value and small-cap stocks remain ahead of respective counterparts year-to-date, the gap has narrowed in recent months.
- After lagging over 2020, small-cap value (as represented by the Russell 2000 Index) is the best performing portion of the market so far this year – rising nearly 30%.

International Equity Markets

- Developed and emerging non-U.S. equity markets were positive but generally lagged U.S. counterparts.
- European shares rose over a volatile trading week. Reaffirmation of ultra-loose monetary policy seemed to support local equity markets.
- Japanese equities had a tumultuous week but ended the period slightly higher. The Japanese yen fell to its lowest level relative to the U.S. Dollar since March 2020.
- Chinese equities had strong gains over the period, ending a three-week losing streak. Equity markets rallied after the People's Bank of China injected liquidity into the financial system for the first time since February.

Credit Markets (Perspectives from our partners at Piton Investment Management)

- The treasury curve was steeper last week. The 10-year yield is trading around 1.52%, above last week's close of 1.44%.
- Investment-grade corporate spreads were little changed last week. Investment-grade funds recorded \$233.4 million of inflows vs. \$3.99 billion of inflows the prior week. This was the smallest pace of inflows in 7 months for investment-grade funds.
- High yield funds reported \$188.9 million of inflows vs. \$2.23 billion of outflows last week.
- Municipal yields steepened modestly on the week lagging treasuries. Municipal funds saw their 16th consecutive week of inflows adding \$1.9 billion. Net negative supply continues to grow heading into peak redemption season.
- **Expanded fixed income commentary from Piton can be found using this [link](#).**

U.S. Economic Data/News

- Inflation fears have moderated somewhat, helping support markets. Some signs indicated that supply chain pressures that contributed to spikes in commodities were easing. Lumber prices continued to fall drastically.
- Bloomberg recently reported that wholesale used car market prices have likely peaked and that retail vehicle prices might soon follow.
- Late last week, President Biden announced that a bipartisan group of 10 Senators had agreed on a plan for roughly \$1 trillion in infrastructure spending over the next five years. The bill has yet to be drafted and many expect it to face resistance from both ends of the political spectrum.
- Most economic data released last week was encouraging, demonstrating healthy growth without stoking fears about the economy overheating.
- IHS Markit's gauge of June manufacturing activity beat expectations and climbed to a record 62.6. The IHS services gauge came in lower than anticipated (64.8) off another all-time high of 70.4 in May.

International Economic Data/News

- The number of coronavirus cases in the UK rose to about 16,000, the highest level since February. The rise in cases is likely a result of the highly transmissible delta variant. This caused the EU to consider additional travel restrictions for UK visitors.
- European Central Bank president, Christine Lagarde, recently stated that it is important to not withdraw monetary and fiscal support too early, although she acknowledged that the economic backdrop is improving.
- Eurozone economic data showed increased output in June. The purchasing managers index rose to 59.1 in June, the fastest pace of growth in 15 years.
- Japan recently reached its vaccination target of administering 1 million coronavirus vaccine doses per day, slightly ahead of their target. The government aims to finish vaccinating all eligible people who wish to receive the vaccine by November.
- China is distributing as many as 20 million vaccine doses on peak days. That said, China is still realizing select outbreaks which can continue to have important economic implications.

Odds and Ends

- Bitcoin's price rose after billionaire Ricardo Salinas Pliego said his bank was working toward becoming the first Mexican lender to accept the cryptocurrency. The price of bitcoin climbed to ~\$34,000 Monday, up 6% from the end of last week. The digital currency has lost almost half its value since it hit an all-time high of over \$63,000 in mid-April. Mr. Salinas Pliego tweeted over the weekend that he recommends the use of bitcoin. "Me and my bank are working to be the first bank in Mexico to accept #Bitcoin," he added.
- Temperatures reached record highs in the Pacific Northwest over the weekend, resulting in heat-related emergencies and the lifting of some pandemic-related restrictions. The stretch of triple-digit weather, about 30 degrees hotter than normal for this part of the country, is expected to continue through Monday. The 102 degrees seen at Seattle-Tacoma International Airport on Saturday was the second highest ever recorded there, the National Weather Service said. The 108 degrees forecast for Monday would surpass the city's record of 103 degrees.
- About half of adults infected in an outbreak of the Delta variant of Covid-19 in Israel were fully inoculated with the Pfizer vaccine, prompting the government to reimpose an indoor mask requirement and other measures to contain the highly transmissible strain. Preliminary findings by Israeli health officials suggest about 90% of new infections were likely caused by the Delta variant. Children under 16, most of whom haven't been vaccinated, accounted for about half of those infected. The government this week expanded its vaccination campaign to include all 12- to 15-year-olds after a jump in infections among schoolchildren in a town in central Israel.

Resource of the week:

- Howard Marks is the co-founder of Oaktree Capital Management. In this episode of *Invest Like the Best*, the conversation spans how the last eighteen months have compared to market history, the importance of understanding psychology, and what Marks learned about writing well and the utility of doing so. Howard Marks always offers valuable insights, and I would recommend giving this episode a listen.
- Podcast link: <https://joincolossus.com/episodes/70790270/marks-embracing-the-psychology-of-investing?tab=blocks>

Sources: The WSJ, T. Rowe Price Global Markets Weekly Update

DISCLAIMER

This commentary was written by Craig Amico, CFA®, CIPM®, Senior Investment Analyst, Noreen Brown, CFA®, Director of Portfolio Management and Steven Melnick, CFA®, Senior Investment Analyst at Summit Financial, LLC., an SEC Registered Investment Adviser (“Summit”), headquartered at 4 Campus Drive, Parsippany, NJ 07054, Tel. 973-285-3600. It is provided for your information and guidance and is not intended as specific advice and does not constitute an offer to sell securities. Summit is an investment adviser and offers asset management and financial planning services. Indices are unmanaged and cannot be invested into directly. The periodic returns are represented by the following indices: large cap value by Russell 1000 Value TR Index, large cap blend by Russell 1000 TR Index, large cap growth by Russell 1000 Growth TR Index, mid cap value by Russell Mid Cap Value TR Index, mid cap blend by Russell Mid Cap TR Index, mid cap growth by Russell Mid Cap Growth TR Index, small cap value by Russell 2000 Value TR Index, small cap blend by Russell 2000 TR Index, and small cap growth by Russell 2000 Growth TR Index, international developed by the MSCI EAFE NR USD Index, Emerging Markets by the MSCI EM NR USD Index, U.S. Aggregate Bond by the BBgBarc US Agg Bond TR USD Index, U.S. Municipals by the BBgBarc Municipal TR USD Index, and Corporate High Yield by the BBgBarc US Corporate High Yield TR USD Index. The S&P 500 Index is a market capitalization-weighted Index of 500 widely held stocks often used as a proxy for the stock market. It measures the movement of the largest issues. Standard and Poor's chooses the member companies for the 500 based on market size, liquidity, and industry group representation. Included are the stocks of eleven different sectors. The Nasdaq Composite Index is a large market capitalization-weighted index of more than 2,500 U.S.-domiciled stocks. The index's composition is heavily weighted to the information technology sector, with consumer services, health care and financials the next most prominent industries. The Russell 2000 Index measures the performance of the small cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 1000 Index measures the performance of the large cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index representing approximately 90% of the total market capitalization of that index. It includes approximately 1,000 of the largest 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 3000 Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of global developed markets, excluding the U.S. and Canada. The MSCI Europe Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of developed markets countries in Europe. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The MSCI Japan Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of Japan. The Bloomberg Barclays U.S. Aggregate Bond Index is a market capitalization-weighted index comprising Treasury securities, Government agency bonds, mortgage-backed bonds, corporate bonds, and some foreign bonds traded in the U.S. The Bloomberg Barclays Global Aggregate Ex U.S. Index measures the performance of global investment-grade fixed-rate debt markets that excludes USD-dominated securities. The Bloomberg Barclays Municipal Bond Index covers the U.S. dollar-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. The IHS Markit Flash US Composite PMI Output Index is a monthly summary report concerning the changes in the working conditions of private companies in the manufacturing and service sectors. The indicator is based on monthly surveys of purchasing managers working in approximately 1,000 private companies of the US manufacturing sector. Data in this newsletter is obtained from sources which we, and our suppliers believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Consult your financial professional before making any investment decision. Past performance is no guarantee of future results. Diversification/asset allocation does not ensure a profit or guarantee against a loss.

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