



SUMMIT FINANCIAL

Summit Snapshot: Week of August 16th, 2021

Periodic Returns

	Trailing Week			Quarter-to-Date			Year-to-Date		
	Value	Blend	Growth	Value	Blend	Growth	Value	Blend	Growth
U.S. Large-Cap	1.1%	0.6%	0.2%	2.8%	3.7%	4.5%	20.4%	19.2%	18.0%
U.S. Mid-Cap	0.9%	0.5%	-0.2%	2.4%	2.1%	1.5%	22.3%	18.6%	12.1%
U.S. Small-Cap	-0.2%	-1.1%	-1.9%	-2.7%	-3.7%	-4.6%	23.2%	13.2%	4.0%

	Trailing Week	Quarter-to-Date	Year-to-Date
S&P 500 Index	0.8%	4.1%	20.0%
NASDAQ Composite	-0.1%	2.3%	15.5%
International Developed	1.6%	3.4%	12.5%
Emerging Markets	-0.9%	-6.4%	0.5%
U.S. Aggregate Bond	0.1%	0.8%	-0.8%
U.S. Municipals	-0.2%	0.5%	1.6%
Corporate High Yield	-0.2%	0.0%	3.6%

Source: Morningstar, see 'Disclaimer' for details

U.S. Equity Markets

- Most equities rose last week, as investors looked past recent concerns that the renewed coronavirus spread may hinder future economic activity. The S&P 500 Index rose 0.8% to a new all-time high while the tech-heavy Nasdaq Composite Index slightly fell a few basis points.
- Despite the lighter-than-normal trading volume, several stocks made headlines. This [WSJ article](#) touches on some of the notable ones. ConocoPhillips and Southwest Airlines both struggled as consumers fear recent upticks in new cases may curtail future demand levels. Disney reported an increase in visitors to their theme parks, boosting prospects. Lastly, moviegoers may soon be able to pay for tickets at AMC Entertainment theaters using bitcoin. This news ironically paints a positive outlook for the company which once was near bankruptcy in the middle of the pandemic.
- Most S&P 500 sectors advanced during the week aside from energy, which fell on concerns the future supply/demand dynamic could face a headwind due to unforeseen impacts from the coronavirus. Materials and consumer staples both did well, rising more than 2% during the week.
- Value outperformed growth while large-cap stocks rose and beat small-caps which declined.

International Equity Markets

- International equities were mixed. Developed markets rose and led emerging markets which fell as represented by their MSCI indices.
- European and Japanese stocks both recorded strong gains according to their MSCI indices. However, COVID developments differed between regions as the number of cases in the European Union remained stable, in the U.K. they declined, and in Japan they continued to spike. Tokyo is considering controlling foot traffic and crowds in advance of the start of the 2020 Paralympics.
- Chinese stocks slightly rose despite concerns the government's intervention in some private sectors would spread to others. China released a 5-year plan outlining their related intentions.

Credit Markets

- Treasury yields slightly declined last week, after rising during the first four days. Comments made by the Federal Reserve to soon start tapering bond purchases spurred the initial increase. The 10-year Treasury yield ended the week at 1.28%, near last week's level.
- High yield corporates outperformed their investment grade counterparts. Throughout the week, investment grade bonds experienced relatively low trading volumes but higher than expected new issuance by market participants. This elevated level of new issuance prevailed in high yield corporates as well as issuers attempt to beat the normal lull around Labor Day. Given the predominantly risk-on sentiment during most of the year, high yield bonds are beating investment grade bonds.
- Municipal bonds declined around 0.2% during last week as yields on longer-dated maturities rose, more so than shorter-dated tenors.

U.S. Economic Data/News

- As inflation remains in focus, the Bureau of Labor Statistics reported that the consumer price index increased by 0.5% in July, less than the 0.9% reading from June, and the smallest monthly increase since March. Although this slowdown appears to justify prior statements that it is only transitory, more time needs to elapse to really determine the long-term outlook.
- The Senate passed a \$1 trillion bipartisan infrastructure bill, aimed at rebuilding transportation-related infrastructure, improve internet access in remote locations, and upgrade the electric and water systems nationwide. However, the future path remains murky as the bill may stall for weeks or months in the House unless the Senate passes an even larger \$3.5 trillion social policy bill.
- The weekly initial jobless claims tallied in at 375,000, which was the third consecutive week of declines. Similarly, the count of continuing claims fell to under 2.9 million, the lowest level since the start of the pandemic.
- Recent comments by the Federal Reserve to taper the bank's bond purchases earlier than expected was offset by a disappointing consumer sentiment survey released by the University of Michigan.

International Economic Data/News

- European news was varied. The U.K. economy expanded by 4.8% in the second quarter after the strict lockdown rules were previously lifted. However, Eurozone industrial production fell 0.3% in June given supply-chain problems. Meanwhile, protests broke out in France and Italy after fully vaccinated people were given health passes to visit restaurants and other public events.
- Japanese wholesale prices rose in July by 5.6% on a year over year scale, the quickest annual rate in 13 years. This follows a heightened 5.0% increase in June.
- Separately, Japan's Prime Minister Yoshihide Suga stated his intentions to expand Japan's growth prospects in the future. First, Japan has committed to be carbon-neutral by 2050 which they believe is a core part of future economic expansion. The nation is also setting policies to digitize administrative procedures, increasing efficiency levels for simple tasks.
- China reported their broad measure of credit and liquidity in the economy, termed total social financing, rose 10.7% in July on a year over year scale. This is the smallest increase since February 2020. However, inflation was largely unchanged in July as the producer price index rose 9% year over year driven by higher commodity prices. Inflation was not a factor in the increase.

Odds and Ends

- A powerful 7.2 magnitude earthquake struck Haiti Saturday morning as many people's weekend and lives were upended. More than 300 people have been officially killed with many more injured as buildings collapsed, burying people under the rubble in the poverty-stricken country. Hospitals around the quake's epicenter of Saint-Louis du Sud are overwhelmed and people are worried about a tsunami. Unfortunately, the natural disaster comes as the nation is prepping for expected damage caused by Tropical Storm Grace in the next couple of days. President Biden authorized immediate aid from the U.S. to help in the nation's recovery.
- The cryptocurrency rollercoaster ride continued. After recent lows in mid-July below \$30,000, one bitcoin surpassed \$47,000 on Friday, its highest close since May 15th. For the year thus far, it is up about 64% which pales in comparison to ether which is up 344% and dogecoin up a remarkable 5,500%. The recent price increases in the space are likely due to small investors piling in at what seems to be discounted prices, despite the uncertain tax regulation outcome from Washington. Given all the developments, leverage funds, a type of hedge fund, remain bearish on cryptocurrency in general given the various variables at play.
- The pandemic has affected people in a plethora of ways. One interesting situation focuses on mostly white-collar workers who were suddenly forced to work remotely for an indefinite amount of time last March. As time went on and people adapted to their new normal, some saw an opportunity to greatly increase their salary by taking on more than one full-time job. Either people became bored, worried about job security, or had a lot of free time to fill but they felt the opportunity to boost their income couldn't be passed up. The caveat this presents is that many of the people surveyed admit to providing a lower quality of work in at least one of their jobs. Balancing multiple overlapping meetings, responsibilities, paid time off, and relationships at first seemed lucrative but surely seems unsustainable. Nonetheless, the pandemic has created many new opportunities in a variety of fashions.

Resource of the week:

- Nearly every person on the planet has heard of or even conducted an actual Google search. There's no doubt that Google is the dominant player in the internet search optimization space, but other search optimization engines (SEO) exist in differentiated ways. This interview with Sridhar Ramaswamy, co-founder and CEO of Neeva, talks about the early days of internet searches and how Neeva separates itself from the rest. The ad-free search engine prioritizes personalization and privacy for a user and was created by a prior Google executive. Ramaswamy also explains how Neeva's subscription-based business model works. Have a listen to learn more about this interesting, widely taken-for-granted internet function used by billions of people around the world.
- Podcast link: <https://podcasts.apple.com/us/podcast/sridhar-ramaswamy-the-past-present-and-future-of-search/id1154105909?i=1000531574368>

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

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