

Weekly Market Performance – Markets Advance but Commodities Take the Limelight

Posted by [lplresearch](#)

Market Blog

Index Performance

S&P 500 Index: 2.5%

Dow Jones Industrial Average: 3.8%

Nasdaq Composite: 2.5%

Equities

This week was positive for the markets as some encouraging economic data and well-received earnings reports helped propelled stocks higher. Technology, communications services, and industrials were the top-performing sectors, though the Russell 2000 Index small cap sector outgained them all, advancing more than 5% for the week. Growth stocks outperformed value, while real estate lagged.

There continues to be a wide gap between the White House and Democrats over the size and scope of the next stimulus package. The major areas of disagreement continue to revolve around enhanced unemployment benefits, along with state and local government aid. Executive action could be in the cards, assuming a deal cannot be successfully negotiated.

International Stocks

International stocks finished higher this week. Both the developed and emerging markets indexes, as denoted by the MSCI EAFE and MSCI EM, returned over 2% this week. Data from Friday showed China exports in July experienced solid gains, while German industrial production beat expectations for June.

Tensions between Washington and Beijing continued to grab headlines, as the White House signed a pair of executive orders on Friday prohibiting US residents from doing any business with popular Chinese social media apps. Separately, the United States moved toward tightening requirements for Chinese companies listed on US exchanges.

Fixed Income

Bond yields moved slightly higher over the course of the week, but were overall little changed. Treasury Inflation-Protected Securities (TIPS) outperformed, as inflation expectations rose to their highest level since late February.

Currencies and Commodities

The dollar was flat on the week, following six consecutive weekly declines. Commodity prices were broadly higher, with both oil and gold advancing more than 2%, with silver and natural gas prices spiking 14% and 21%, respectively.

Economic uncertainty, low interest rates, and the soft US dollar continue to drive up the prices of precious metals, with gold and silver recording their ninth straight weekly advance. Gold is up more than 30% year to date and traded at an all-time high this week. Silver was a major winner this week, as it gained over 10% and is now up more than 50% for the year.

Economic Data Recap

The July jobs report took center stage this week, as the economy added back nearly 1.8 million jobs, ahead of Bloomberg consensus expectations for 1.5 million. The unemployment rate moved lower to 10.2%. We discussed this in more detail on the [LPL Research blog](#).

Initial unemployment claims came in at 1.2 million, better than expected and well beneath the prior week. Continuing claims also showed solid improvement, declining almost 1 million for the week, down to 16.1 million (source: US Bureau of Labor Statistics), though data measurement issues may have slightly overstated the improvement.

The Institute for Supply Management's (ISM) Purchasing Manager's Index (PMI) for manufacturing, reported on August 3, came in at 54.2, up from 52.6 in June, and solidly in expansionary territory. The more forward-looking orders component of the report jumped 5.2 months from the prior month, a sign that the positive momentum may continue for manufacturing. The services ISM was even stronger, rising to 58.1 in July.

Looking Ahead

Only 11 S&P 500 companies are scheduled to report earnings next week, as we head toward the conclusion of second quarter earnings season.

- Economic data on Monday begins with June’s Job Openings and Labor Turnover (JOLTS) report.
- Tuesday is all about July’s Producer Price Index and the National Federation of Independent Business (NFIB) Small Business Index.
- Wednesday will see data from July’s Consumer Price Index (CPI) report. In addition the Treasury budget is announced. We expect market participants to be listening to any comments from Federal Reserve (Fed) Chairman Jerome Powell.
- Thursday provides investors another anticipated weekly unemployment initial claims report, along with July’s export and import price index.
- We wrap up the week Friday with second quarter productivity and unit labor costs, July retail sales, business inventories, manufacturing production and, lastly, the Michigan Consumer Sentiment.

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For a list of descriptions of the indexes referenced in this publication, please visit our website at lplresearch.com/definitions.

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