

CPWM's Weekly Market Monitor is designed to provide a summary of recent market commentary and statistics.

**MARKET COMMENTARY**

- The S&P 500 index fell 1% last week despite an upbeat start to the Q2 earnings reporting season, as worries about inflation and potential changes in monetary policy weighed on the sentiment of consumers and investors.
- In its first weekly decline since the week ended June 18, the S&P 500 ended the week at 4,327.16, down from last Friday's closing level of 4,369.55, which was a fresh closing high at the time. The index set an even higher closing record Monday at 4,384.63 but hasn't closed above that since then.
- Last week, which marked the unofficial kickoff to US companies' Q2 reporting season, featured better-than-expected reports from companies including Goldman Sachs (GS) and JPMorgan Chase (JPM).
- However, worries continue about inflation and how the Federal Reserve's policy-setting committee may respond. Data released Friday showed the inflation concerns contributed to a decline in consumer sentiment in early July.
- Concerns about COVID-19 cases again being on the rise also kept a lid on the stock market's upward attempts last week.
- The energy sector had the largest percentage drop of the week, tumbling 7.7%, followed by a 2.6% decline in consumer discretionary.
- Only three of the S&P 500's 11 sectors rose last week: The utilities sector climbed 2.6%, followed by a 1.2% rise in consumer staples and a 0.7% increase in real estate.
- The energy sector's drop came as crude oil and natural gas futures also fell. Weighing on the commodities, the Energy Information Administration reported gasoline stocks rose in what is usually the peak driving weekend of the year and on reports that Saudi Arabia and the United Arab Emirates reached an agreement on a dispute that led to the collapse of OPEC+ talks earlier last month and could increase supply to sate rising demand.
- The energy sector's decliners included Occidental Petroleum (OXY), down 14% on the week, and APA (APA), down 13%.
- In consumer discretionary, shares of cruise operators fell amid the higher COVID-19 cases, which could delay the companies' plans to resume normal cruising. Shares of Norwegian Cruise Line (NCLH) shed 16% while Carnival (CCL) shares were down 14% and Royal Caribbean Group (RCL) slipped 12%.
- The utilities sector's gainers included American Water Works (AWK), whose shares rose 3.7% on the week as Barclays raised its price target on the stock to \$174 per share from \$170. Barclays kept its investment rating on the shares at equal-weight.
- In consumer staples, PepsiCo (PEP) shares climbed 4.2% as the beverage company reported better-than-expected Q2 results. In a note to clients, Morgan Stanley said the results confirmed that organic sales growth has "sustainably accelerated" and that there's a short-term earnings per share upside compared with the company's "conservative" 2021 guidance.
- Next week's companies reporting quarterly results will include International Business Machines (IBM) on Monday, Netflix (NFLX) on Tuesday, Johnson & Johnson (JNJ) and Coca-Cola (KO) on Wednesday, American Airlines (AAL) and AT&T (T) on Thursday, and American Express (AXP) and Kimberly-Clark (KMB) on Friday.
- On the economic data calendar, housing data will be the focus earlier in the week, with the National Association of Home Builders home builders' index for July due Monday and June building permits and housing starts due Tuesday. June existing home sales are also set to be released Thursday, as well as weekly jobless claims, followed by Markit's manufacturing and services purchasing managers' indexes for July on Friday

ASSET CLASS / BENCHMARK	1 WEEK	1 MONTH	YTD	1 YEAR
<b>Investment Grade Fixed Income</b>				
iShares Short-Term National AMT-Free Muni Bond ETF	0.0	0.2	0.2	0.8
iShares National AMT-Free Muni Bond ETF	0.1	0.6	1.4	3.5
iShares Core US Aggregate Bond ETF	0.2	1.3	(1.0)	(0.6)
<b>Global Equity</b>				
iShares MSCI ACWI	(1.1)	0.4	12.1	33.1
<b>U.S. Equity</b>				
iShares Core S&P 500 ETF	(0.9)	2.5	16.1	36.6
iShares Russell Mid Cap ETF	(2.8)	(0.8)	13.8	41.8
iShares Russell 2000 ETF	(5.0)	(6.5)	10.0	48.6
iShares Core U.S. Value ETF	(1.4)	(1.3)	15.8	35.3
iShares Core U.S. Growth ETF	(0.8)	5.4	16.2	38.5
<b>Foreign Equity</b>				
iShares MSCI EAFE ETF	(1.6)	(3.0)	8.8	27.0
iShares MSCI EAFE Small Cap ETF	(1.9)	(2.2)	8.8	36.0
iShares MSCI EAFE Value ETF	(2.1)	(4.6)	9.8	26.9
iShares MSCI EAFE Growth ETF	(1.2)	(1.5)	7.1	25.7
<b>Emerging Markets Equity</b>				
iShares MSCI Emerging Markets ETF	0.1	(1.3)	4.2	27.9
iShares MSCI Emerging Markets Small Cap ETF	0.8	1.7	19.5	55.0
<b>"Other" Asset Classes</b>				
iShares U.S. Real Estate ETF	0.4	2.8	24.7	38.7
iShares International Developed Real Estate ETF	(1.6)	(1.6)	11.0	30.0
SPDR Barclays High Yield Bond ETF	(0.3)	0.6	2.8	11.1
iShares S&P GSCI Commodity Indexed Trust	(0.6)	0.5	29.0	48.9

## IMPORTANT NOTES

ALL COMMENTARY SOURCED FROM YCHARTS WEEKLY MARKET PULSE AND ARE TO BE USED FOR INFORMATIONAL PURPOSES ONLY.

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MARKET-RELATED DATA INCLUDED IN CHARTS AND GRAPHS IS SOURCED FROM YCHARTS.

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## EXCHANGE TRADED FUND DESCRIPTIONS:

- THE ISHARES SHORT-TERM NATIONAL AMT-FREE MUNI BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF INVESTMENT-GRADE U.S. MUNICIPAL BONDS WITH REMAINING MATURITIES BETWEEN ONE MONTH AND FIVE YEARS.
- THE ISHARES NATIONAL AMT-FREE MUNI BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF INVESTMENT-GRADE U.S. MUNICIPAL BONDS.
- THE ISHARES CORE U.S. AGGREGATE BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF THE TOTAL U.S. INVESTMENT-GRADE BOND MARKET.
- THE ISHARES MSCI ACWI ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE AND MID-CAPITALIZATION DEVELOPED AND EMERGING MARKET EQUITIES.
- THE ISHARES CORE S&P 500 ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE-CAPITALIZATION U.S. EQUITIES.
- THE ISHARES RUSSELL MID-CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF MID-CAPITALIZATION U.S. EQUITIES.
- THE ISHARES RUSSELL 2000 ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION U.S. EQUITIES.
- THE ISHARES CORE U.S. VALUE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF A BROAD-BASED INDEX COMPOSED OF U.S. EQUITIES THAT EXHIBIT VALUE CHARACTERISTICS.
- THE ISHARES CORE U.S. GROWTH ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF A BROAD-BASED INDEX COMPOSED OF U.S. EQUITIES THAT EXHIBIT GROWTH CHARACTERISTICS.
- THE ISHARES MSCI EAFE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE-, MID- AND SMALL-CAPITALIZATION DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA.
- THE ISHARES MSCI EAFE SMALL CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA.
- THE ISHARES MSCI EAFE VALUE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA, THAT EXHIBIT VALUE CHARACTERISTICS.
- THE ISHARES MSCI EAFE GROWTH ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA, THAT EXHIBIT GROWTH CHARACTERISTICS.
- THE ISHARES MSCI EMERGING MARKETS ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE- AND MID-CAPITALIZATION EMERGING MARKET EQUITIES.
- THE ISHARES MSCI EMERGING MARKETS SMALL CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION EMERGING MARKET EQUITIES.
- THE ISHARES U.S. REAL ESTATE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF U.S. EQUITIES IN THE REAL ESTATE SECTOR.
- THE ISHARES INTERNATIONAL DEVELOPED REAL ESTATE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF REAL ESTATE EQUITIES IN DEVELOPED NON-U.S. MARKETS.
- THE SPDR® BARCLAYS HIGH YIELD BOND ETF SEEKS TO PROVIDE INVESTMENT RESULTS THAT, BEFORE FEES AND EXPENSES, CORRESPOND GENERALLY TO THE PRICE AND YIELD PERFORMANCE OF THE BARCLAYS HIGH YIELD VERY LIQUID INDEX.
- THE ISHARES S&P GSCI COMMODITY INDEXED TRUST SEEKS TO TRACK THE RESULTS OF A FULLY COLLATERALIZED INVESTMENT IN FUTURES CONTRACTS ON AN INDEX COMPOSED OF A DIVERSIFIED GROUP OF COMMODITIES FUTURES.