

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 0.4% last week, weighed down by the consumer discretionary and communication services sectors, but the market benchmark still locked in a 2.3% gain for the month of July.
- The index ended Friday's session at 4,395.26, down from last Friday's closing level of 4,411.79, which was a record closing high at the time. It set another new closing high Monday at 4,422.30 and reached an intraday record high of 4,429.97 Thursday, but failed to revisit those levels by the end of the week.
- The weekly move was slight as investors struggled to reconcile quarterly earnings reports that have been coming in largely better than expected against concerns that the economic recovery may be slowing, especially amid impacts from the Delta variant of COVID-19.
- With COVID-19 cases on the rise again in much of the US, the Centers for Disease Control & Prevention recommended a resumption of indoor masking last week, even for people fully vaccinated against COVID-19, in areas with high or substantial transmission.
- Adding to the mixed market sentiment, data released Thursday showed Q2 gross domestic product rose 6.5%, an improvement from a 6.3% rate in Q1, but below expectations. The consensus estimate according to Econoday was for 8% growth. Still, the data showed consumer spending hasn't slowed as personal consumption expenditures grew 11.8% in Q2, up slightly from an 11.4% expansion in Q1.
- The GDP data came a day after the Federal Reserve sounded a cautious note on the US economy as it maintained its highly accommodative interest-rate policy and kept quantitative easing measures in place.
- The consumer discretionary sector had the largest percentage drop of the week, down 2.6%, followed by a 1% drop in communication services and a 0.7% slip in technology. The materials sector led to the upside with a 2.8% climb, followed by a 1.6% increase in energy and a 0.7% rise in financials.
- The consumer discretionary sector was weighed down by a 9% tumble in Amazon.com (AMZN) shares as the online retailer's Q2 sales missed analysts' mean estimate, as did its guidance for Q3 sales. The report sparked concerns that COVID-19 engendered gains were cooling off sharply. Amazon also said Friday it was fined 746 million euros (\$884.8 million) by the Luxembourg National Commission for Data Protection over claims it violated the European Union's General Data Protection Regulation rules by processing personal data.
- In the communication services sector, shares of Activision Blizzard (ATVI) fell 8.6% as the videogame company grappled with the fallout of a recent sexual discrimination lawsuit. Activision initially called the allegations inaccurate and distorted, which led to employees planning a walkout. Chief Executive Bobby Kotick responded last week with a letter to employees that called the company's initial responses "tone deaf."
- The technology sector's decliners included Citrix Systems (CTXS), whose shares shed 12% on the week. The digital workspace technology company reported Q2 adjusted earnings per share slightly above the Street consensus estimate, but revenue missed expectations and the company cut its earnings and revenue guidance for the full year.
- The energy sector's advance came as crude oil futures rose on the week amid Energy Information Administration data showing crude oil inventories fell by 4.1 million barrels last week to their lowest level since January 2020. The report was taken as sign that demand is continuing to improve.
- Gainers in the energy sector included Valero Energy (VLO), whose shares climbed 5.1% on the week as the oil refiner reported it swung to a bigger-than-expected adjusted profit per share for Q2. The company's Q2 revenue nearly tripled from the year-earlier period and topped the Street view.
- Next week, the Q2 financial reporting season is set to continue with reports coming from companies including Mosaic (MOS), Simon Property Group (SPG), ConocoPhillips (COP), DuPont (DD), General Motors (GM), Kraft Heinz (KHC) and Goodyear Tire & Rubber (GT).
- On the economic front, all eyes will be on the July employment data due next week, with ADP set to release private sector data on Wednesday ahead of weekly jobless claims on Thursday and the Labor Department's Friday reports on monthly nonfarm payrolls and the unemployment rate.
- Ahead of the employment data, July manufacturing readings are due Monday from Markit as well as the Institute for Supply Management, which will both be releasing readings on the services sector on Wednesday. Investors will also be watching for July motor vehicle sales on Tuesday.

| ASSET CLASS / BENCHMARK | 1 WEEK | 1 MONTH | YTD | 1 YEAR |
|--|--------|---------|-------|--------|
| Investment Grade Fixed Income | | | | |
| iShares Short-Term National AMT-Free Muni Bond ETF | 0.0 | 0.2 | 0.3 | 0.7 |
| iShares National AMT-Free Muni Bond ETF | (0.1) | 0.5 | 1.3 | 2.7 |
| iShares Core US Aggregate Bond ETF | 0.2 | 1.1 | (0.6) | (0.7) |
| Global Equity | | | | |
| iShares MSCI ACWI | (0.3) | 0.9 | 13.4 | 33.0 |
| U.S. Equity | | | | |
| iShares Core S&P 500 ETF | (0.3) | 2.4 | 18.1 | 37.5 |
| iShares Russell Mid Cap ETF | 0.3 | 0.8 | 17.0 | 42.3 |
| iShares Russell 2000 ETF | 0.7 | (3.6) | 13.1 | 50.1 |
| iShares Core U.S. Value ETF | 0.6 | 0.7 | 17.5 | 36.5 |
| iShares Core U.S. Growth ETF | (1.1) | 3.6 | 18.3 | 39.0 |
| Foreign Equity | | | | |
| iShares MSCI EAFE ETF | 0.3 | 0.8 | 10.4 | 28.3 |
| iShares MSCI EAFE Small Cap ETF | 0.8 | 1.7 | 11.4 | 36.6 |
| iShares MSCI EAFE Value ETF | 0.5 | (0.3) | 11.2 | 30.2 |
| iShares MSCI EAFE Growth ETF | 0.1 | 1.8 | 9.1 | 25.3 |
| Emerging Markets Equity | | | | |
| iShares MSCI Emerging Markets ETF | (1.7) | (6.4) | 0.3 | 20.1 |
| iShares MSCI Emerging Markets Small Cap ETF | (0.1) | (0.8) | 18.5 | 49.8 |
| "Other" Asset Classes | | | | |
| iShares U.S. Real Estate ETF | 0.4 | 4.7 | 25.8 | 32.8 |
| iShares International Developed Real Estate ETF | 0.2 | 2.4 | 12.1 | 28.6 |
| SPDR Barclays High Yield Bond ETF | (0.1) | 0.2 | 3.0 | 8.5 |
| iShares S&P GSCI Commodity Indexed Trust | 1.6 | 1.3 | 32.2 | 52.9 |

IMPORTANT NOTES

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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.