

A SIX-MONTH POSITIVE STREAK FOR THE S&P 500

The S&P 500, an Index comprised of the largest U.S. companies, rose over 2% for the month. So far in 2021, the S&P has risen six months in a row. Small-cap stocks struggled in July, losing more than 3%, while large-cap companies climbed 2%.

From an industry sector perspective, nine of the 11 sectors that make up the S&P 500 rose in value in July. Notably, the Health Care, Real Estate and Utilities sectors all gained, on average, more than 4% each, while stocks in the Financials and Energy sectors declined, on average, in value. However, Energy remains the top-performing sector on a year-to-date basis, gaining over 33% in the first seven months of 2021.

The market was boosted by stronger-than-expected results from companies reporting their second-quarter earnings as well as strong economic data. In July, of almost 60% of the companies in the S&P that reported earnings, nearly 90% beat earnings expectations and 84% reported sales results that were higher than expected.

Second-quarter GDP in the U.S. rose 6.5%, a strong number prior to the pandemic, but well below most economists' expectations. Earlier this month, concerns about the rise in inflation and a rebound in COVID-19 cases weighed on the market. Although stocks rebounded, the yields on long-term bonds fell. In fact, from its high of 1.7% in March of 2021, the 10-year Treasury yield experienced its biggest



monthly decline since March 2020, falling to 1.2% by the end of the month. These low rates help investors by lowering borrowing costs, such as obtaining a new lower mortgage rate, but they make it very challenging for investors seeking income from bonds.

There will always be concerns in the market that cause volatility. Rather than pay attention to the day-to-day movements, it's always best to focus on your long-term investment goals, whether it's planning for retirement, buying a house, paying for a college education, or maybe just taking that dream vacation you always wanted. As always, Jemma Financial is here to help you develop a financial plan around your specific goals.



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