



RBC Wealth Management



Wealth
Management

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Market Week: July 19, 2021

The Markets (as of market close July 16, 2021)

Stocks suffered their worst week in quite some time, as each of the major indexes ended the week lower. Last week was the start of the second-quarter corporate earnings reporting period. Attention will be paid to reported earnings to gauge whether corporate profits can support equity valuations. Despite Fed Chair Jerome Powell's repeated statements that the recent spike in inflation is temporary, last week's rise in the Consumer Price Index and the Producer Price Index are likely to add fuel to the debate about the timing of the Federal Reserve's stimulus reduction.

Equities edged higher to begin the week, with financials, communication services, and real estate leading the sectors, while consumer staples, industrials, and information technology lagged. Investors traded cautiously last Monday ahead of the release of second-quarter earnings and inflation data later in the week. The Global Dow led the benchmark indexes, climbing 0.5%, followed by the large caps of the Dow and the S&P 500, which each gained 0.4%. Treasury yields and the dollar advanced, while crude oil prices declined.

Stock values retreated and bond yields increased last Tuesday as investors seemed to weigh whether rising inflationary pressures will prompt the central bank to begin rolling back stimulus sooner rather than later. The small caps of the Russell 2000 fell the furthest, declining 1.9%. The Global Dow dropped 0.6%, the Nasdaq and the S&P 500 lost 0.4%, while the Dow fell 0.3%. The yield on 10-year Treasuries rose 3.9%, the dollar gained 0.6%, and crude oil prices increased 1.7% to \$75.32 per barrel. Among the market sectors, only information technology advanced, gaining 0.4%. Real estate, materials, industrials, financials, and consumer discretionary fell by at least 1.0%.

Growth stocks outperformed value shares in a day of mixed results last Wednesday. Consumer staples, information technology, real estate, and utilities led the sectors. The Russell 2000 continued to lag, dropping 1.6% by the close of trading. Treasury yields fell as bond prices rose following reassuring comments from Fed Chair Jerome Powell, who suggested that stimulus measures are likely to remain for some time. The dollar was little changed, while crude oil prices declined.

The Dow, which inched ahead 0.2%, was the only benchmark index to post a gain last Thursday. Information technology shares lagged, pulling the Nasdaq down 0.7%. The Russell 2000 (-0.6%) declined for the third straight session, the Global Dow dipped 0.4%, and the S&P 500 inched down 0.3%. Treasury yields on 10-year bonds dropped to 1.3%. The dollar advanced, while crude oil prices decreased to \$71.55 per barrel. Among the market sectors, only consumer discretionary, industrials, materials, real estate, and utilities advanced marginally.

Stocks tumbled lower last Friday as each of the benchmark indexes lost value. The Russell 2000 fell 1.2% on Friday. The Global Dow dipped 1.0%, while the large caps of the Dow (-0.9%) and the S&P 500 (-0.8%) also lost value. Tech shares fell 1.0%, dragging the Nasdaq down 0.8% for the day. The yield on 10-year Treasuries and the dollar inched higher, while crude oil prices fell marginally. Most of the market sectors dropped, with energy (-3.0%), materials (-1.6%), and financials (-1.5%) declining the most.



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