

# Monthly Scorecard



Wealth  
Management

July 8, 2021

Portfolio Advisory Group – U.S. Equities

## Performance (Total return % change)

Index	6/30/21	1 mo.	3 mos.	YTD	1 yr.	2 yrs.
Dow (DJIA)	34,502.51	0.02	5.08	13.79	36.34	35.61
S&P 500	4,297.50	2.33	8.55	15.24	40.77	51.32
Nasdaq	14,503.95	5.55	9.68	12.92	45.29	84.59
Russell 2000	2,310.55	1.94	4.29	17.53	62.00	51.22
Russell 3000	2,570.66	2.47	8.24	15.10	44.15	53.54
S&P 500 Equal Wgt.	6,124.90	0.14	6.90	19.16	50.68	45.76
MSCI AC World	719.97	1.35	7.51	12.55	39.89	43.63
MSCI Europe	150.07	-1.41	7.64	12.26	35.56	27.51
MSCI EAFE	2,304.92	-1.09	5.35	9.21	33.04	26.88
MSCI Asia-Pacific	207.97	-0.29	2.63	5.10	34.83	36.81
MSCI Emerg. Mkts.	1,374.64	0.17	5.08	7.43	41.29	36.93
60/40 Allocation <sup>1</sup>	N/A	1.68	5.86	8.5	24.33	34.14
S&P 500 Sector	6/30/21	1 mo.	3 mos.	YTD	1 yr.	2 yrs.
Consumer Disc.	1,431.82	3.81	6.95	10.27	37.08	54.35
Consumer Staples	721.62	-0.18	3.83	5.02	23.29	27.75
Energy	407.37	4.60	11.29	45.61	49.34	-4.55
Financials	610.60	-2.96	8.36	25.60	61.60	39.01
Health Care	1,468.94	2.34	8.40	11.85	27.92	41.87
Industrials	866.24	-2.21	4.48	16.40	51.43	37.72
Information Tech.	2,594.48	6.95	11.56	13.76	42.39	93.50
Materials	517.02	-5.30	4.97	14.50	48.51	46.87
Real Estate	277.41	3.19	13.09	23.30	31.88	29.22
Comm. Services	264.35	2.72	10.72	19.67	48.38	64.82
Utilities	321.58	-2.17	-0.37	2.47	15.91	13.46
FI, FX, & Commod.	6/30/21	1 mo.	3 mos.	YTD	1 yr.	2 yrs.
U.S. Treasuries <sup>2</sup>	1.47%	0.64	1.75	-2.58	-3.22	6.89
Invest-Grade Credit <sup>3</sup>	2.04%	1.63	3.55	-1.27	3.30	13.12
High-Yield Credit <sup>3</sup>	3.75%	1.34	2.74	3.62	15.37	15.41
WTI Crude Oil <sup>4</sup>	\$73.47	10.78	24.19	51.42	87.09	25.65
Dollar Index <sup>4</sup>	\$92.44	2.90	-0.85	2.78	-5.09	-3.84
Gold <sup>4</sup>	\$1,770.11	-7.17	3.65	-6.76	-0.61	25.58

<sup>1</sup>60% S&P 500 and 40% Bloomberg Barclays U.S. Aggregate. <sup>2</sup>Yield reflects 10-year U.S. Treasury, total returns reflect Bloomberg Barclays U.S. Treasury Index. <sup>3</sup>Yield and total returns reflect that of the respective Bloomberg Barclays Index. <sup>4</sup>Spot prices and price returns.

Source - Bloomberg, RBC Wealth Management

## Peaks at the halfway point

The S&P 500 continued to make new highs during the month of June while the Nasdaq, following an 8% correction from a peak in late April to a trough in mid-May, rallied to surpass its April peak 23 days after the correction low and continued its upward trajectory through the end of the month. These two Nasdaq corrections so far in 2021 have both been smaller than the longer-term historical average, as shown in the table on the following page.

This wiggle in the Nasdaq was due in part to volatility in the 10-year Treasury yield (the recent relationship is shown in the chart on the following page); movements and upward changes can make growth stocks less attractive in the near term, and this asset class has a larger weighting within the Nasdaq compared to the S&P 500. The Nasdaq staged a pretty substantial comeback during June. It had lagged the year-to-date performance of the S&P 500 by almost 600 basis points (bps) at the end of May, but is only about 200 bps behind on a year-to-date basis through June. From a sector perspective, Information Technology rallied 6.9% for the month, Energy returned 4.6%, Consumer Discretionary advanced 3.8%, and the REIT sector rose 3.2%. Health Care and Communication Services both returned approximately 2% for the month, while Materials, Industrials, Financials, Utilities, and Consumer Staples all declined from their May levels. The MSCI Europe, MSCI EAFE, and MSCI Asia-Pacific indexes all lagged U.S. domestic markets and were down for the month, but remain positive year to date.

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Priced (in USD) as of June 30, 2021, market close (unless otherwise stated). Produced: July 8, 2021, 16:14ET; Disseminated: July 8, 2021, 16:30ET;

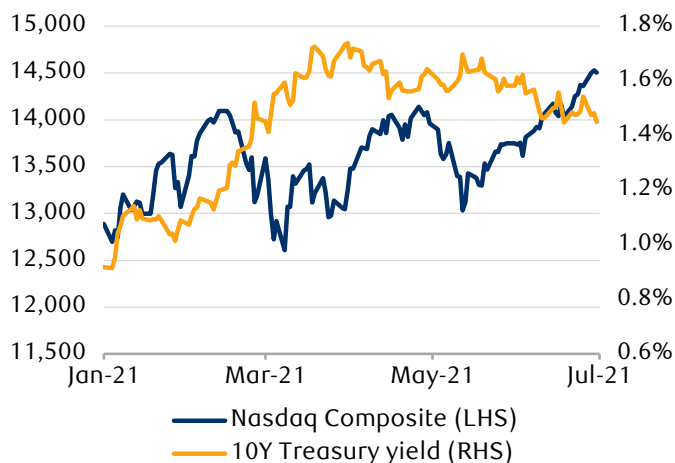
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### Nasdaq corrections of 5% or more since the Great Financial Crisis

Peak		Trough		Recovery	
Date	Close	Date	Close	Date	% drop
4/26/21	14,138.70	5/12/21	13,031.60	6/14/21	-7.8%
2/15/21	14,095.40	3/8/21	12,609.10	4/26/21	-10.5%
9/2/20	12,056.40	9/8/20	10,847.60	11/25/20	-10.0%
2/19/20	9,817.18	3/23/20	6,860.67	6/8/20	-30.1%
7/26/19	8,330.21	8/9/19	7,773.93	11/1/19	-6.7%
5/3/19	8,163.99	6/3/19	7,333.01	7/3/19	-10.2%
8/29/18	8,109.69	12/24/18	6,192.91	4/23/19	-23.6%
3/12/18	7,588.32	4/2/18	6,870.12	6/4/18	-9.5%
1/26/18	7,505.77	2/8/18	6,777.16	3/12/18	-9.7%
9/22/16	5,339.52	11/4/16	5,046.37	11/21/16	-5.5%
12/1/15	5,156.31	2/11/16	4,266.84	7/29/16	-17.3%
9/17/15	4,893.95	9/29/15	4,517.32	10/19/15	-7.7%
7/20/15	5,218.86	8/25/15	4,506.49	8/11/16	-13.6%
12/29/14	4,806.91	1/15/15	4,570.82	2/12/15	-4.9%
11/28/14	4,791.63	12/12/14	4,547.83	12/26/14	-5.1%
9/2/14	4,598.19	10/13/14	4,213.66	10/31/14	-8.4%
3/5/14	4,357.97	4/11/14	3,999.73	6/18/14	-8.2%
1/22/14	4,243.00	2/3/14	3,996.96	2/14/14	-5.8%
5/21/13	3,502.12	6/24/13	3,320.76	7/10/13	-5.2%
9/14/12	3,183.95	11/15/12	2,836.94	2/8/13	-10.9%
3/26/12	3,122.57	6/1/12	2,747.48	9/13/12	-12.0%
10/27/11	2,738.63	11/25/11	2,441.51	1/18/12	-10.8%
4/29/11	2,873.54	10/3/11	2,335.83	2/3/12	-18.7%
2/18/11	2,833.95	3/16/11	2,616.82	4/26/11	-7.7%
8/9/10	2,305.69	8/26/10	2,118.69	9/17/10	-8.1%
6/18/10	2,309.80	7/5/10	2,091.79	9/17/10	-9.4%
4/23/10	2,530.15	6/9/10	2,158.85	11/2/10	-14.7%
1/19/10	2,320.40	2/4/10	2,125.43	3/5/10	-8.4%
1/6/09	1,652.38	3/9/09	1,268.64	4/9/09	-23.2%
10/31/07	2,859.12	11/20/08	1,316.12	4/27/11	-54.0%
<b>Average</b>					<b>-12.6%</b>
<b>Median</b>					<b>-9.6%</b>

Source - RBC Wealth Management, FactSet; data through 6/30/21  
 \*Excludes holidays and weekends

### Year-to-date relationship between Nasdaq and 10-year Treasury



Source - RBC Wealth Management, FactSet; data through 6/30/21

### Records all around us

As the S&P 500 hit a new record, so did many other economic data points. The U.S. Consumer Price Index rose 5.0% y/y, the largest rise since August 2008. The core price index, which excludes food and energy, grew 3.8%, the largest increase for that reading since June 1992. These elevated prices, driven by many issues including consumers emerging from the recession with savings and income broadly stronger than when they entered the pandemic as well as by supply chain disruptions, have caused the inflation conversation to heat up and the transitory timeframe to be debated. The Federal Reserve appears to be signaling it is more ready to combat inflation now than it has been over the last few months via raises in the federal funds rate, potentially as early as next year. RBC Capital Markets, LLC Chief U.S. Economist Tom Porcelli notes that four of seven voting officials at the Fed are looking for hikes next year, and the central

bank may begin to reduce or “taper” asset purchases as soon as the end of this year.

### What could be in store for investors in the second half of the year?

The S&P 500 advanced 2.3% in June. Since 2000, the average performance for June has been a decline of 50 bps, and median performance is flat sequentially, as shown in the upper table at right. Over the same period, July has seen a 1.1% average increase with a median upward move of 1.3%.

In 15 of the last 21 years, June and July have followed the same directional pattern in the market, as shown in the lower table at right. There have only been three years when June performance was positive and July was negative. There have been five years when both June and July were negative. When June performance was flat or positive, July has followed suit in ten instances. Lastly, in three years, June had negative returns, but July followed with positive stock market appreciation.

### Earnings peaks can stall the S&P 500 in the short term

As investors await earnings results for the second calendar quarter, many economists believe Q2 earnings for the S&P 500 could be the peak, not the end, of growth. Deceleration of growth rates may be possible starting in Q3. RBC Capital Markets, LLC Head of U.S. Equity Strategy Lori Calvasina says data shows “the stock market is normally down modestly on a six-month forward basis after the peak in the S&P 500’s growth rate is achieved, but this weakness is short-lived as stocks are usually up on a 12-month forward basis after such a peak.” Our third-party research provider has a similar message, noting that the S&P 500 has gone eight months without a correction of 5% or more, and we normally experience one on average every seven months. If the 8% correction in the Nasdaq is an indication of a future correction in the S&P 500 and its duration, such an event could provide an opportunity to pick up fundamentally solid companies for longer-term investments, in our view.

### Monthly returns for the S&P 500 since 2000

Month	Sequential return since 2000		Average monthly return (highest to lowest)	
	Average	Median		
Jan	-0.3%	-0.2%	Apr	2.3%
Feb	-0.6%	0.0%	Nov	1.7%
Mar	0.9%	0.8%	Jul	1.1%
Apr	2.3%	1.2%	Oct	1.0%
May	0.3%	1.2%	Mar	0.9%
Jun	-0.5%	0.0%	Dec	0.7%
Jul	1.1%	1.3%	May	0.3%
Aug	0.1%	0.5%	Aug	0.1%
Sep	-1.0%	0.4%	Jan	-0.3%
Oct	1.0%	1.8%	Jun	-0.5%
Nov	1.7%	2.5%	Feb	-0.6%
Dec	0.7%	0.9%	Sep	-1.0%

Source - RBC Wealth Management, FactSet; data range 12/31/99–12/31/20

### S&P 500 June and July sequential returns since 2000

Year	June	July
2000	2.4%	-1.6%
2001	-2.5%	-1.1%
2002	-7.2%	-7.9%
2003	1.1%	1.6%
2004	1.8%	-3.4%
2005	0.0%	3.6%
2006	0.0%	0.5%
2007	-1.8%	-3.2%
2008	-8.6%	-1.0%
2009	0.0%	7.4%
2010	-5.4%	6.9%
2011	-1.8%	-2.1%
2012	4.0%	1.3%
2013	-1.5%	4.9%
2014	1.9%	-1.5%
2015	-2.1%	2.0%
2016	0.1%	3.6%
2017	0.5%	1.9%
2018	0.5%	3.6%
2019	6.9%	1.3%
2020	1.8%	5.5%

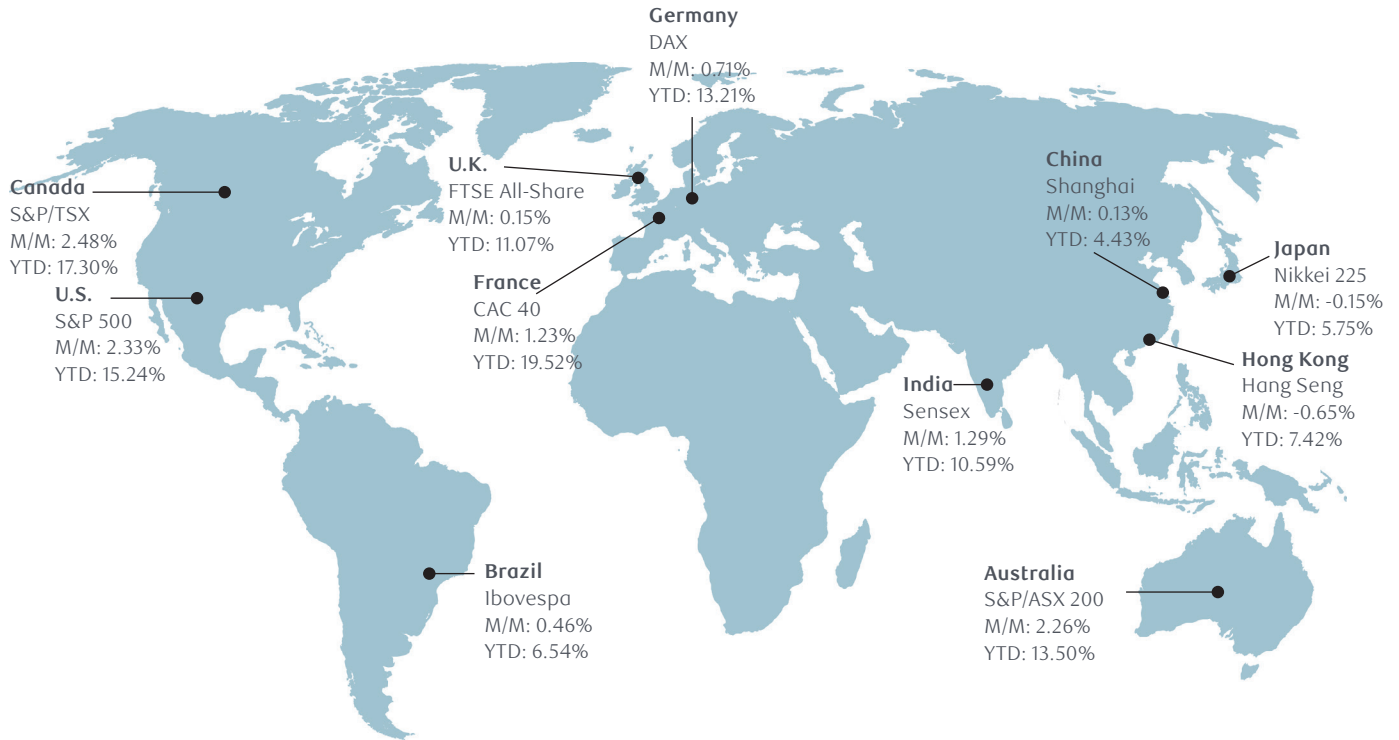
#### June/July sequential returns

<span style="display:inline-block; width:15px; height:15px; background-color:yellow; border:1px solid black;"></span> Positive/positive	<span style="display:inline-block; width:15px; height:15px; background-color:lightcoral; border:1px solid black;"></span> Negative/positive
<span style="display:inline-block; width:15px; height:15px; background-color:lightblue; border:1px solid black;"></span> Positive/negative	<span style="display:inline-block; width:15px; height:15px; background-color:lightgrey; border:1px solid black;"></span> Negative/negative

Source - RBC Wealth Management, FactSet; data range 12/31/99–12/31/20

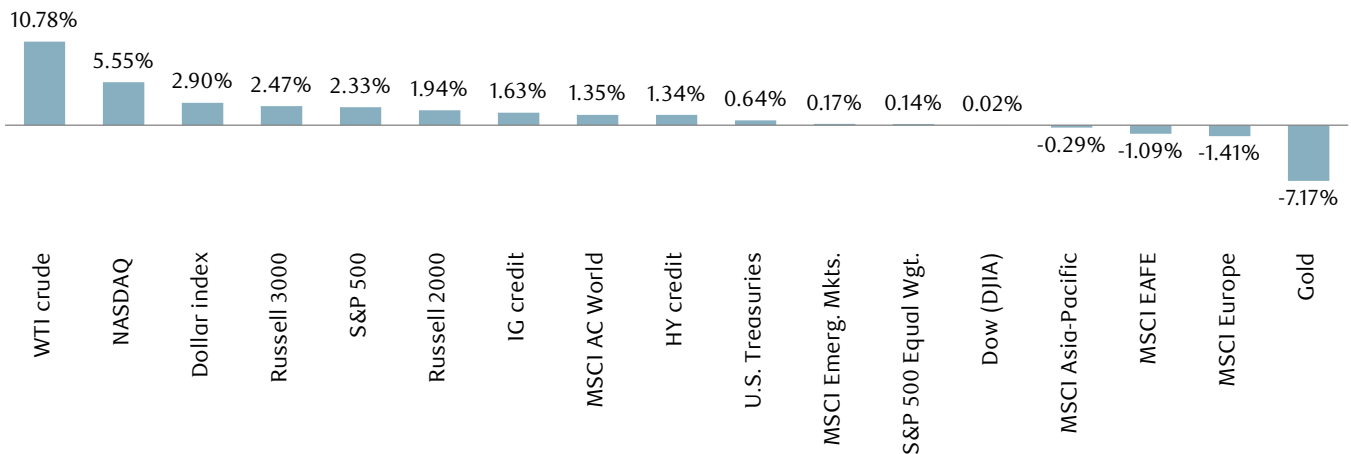
# World markets

May month-over-month and year-to-date total return



Source - Bloomberg; priced in local currency

## Total monthly returns for select indexes – June 2021



Source - Bloomberg

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## Author

**Lindsay Strickland, Senior Portfolio Advisor**

lindsay.strickland@rbc.com; RBC Capital Markets, LLC

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As of June 30, 2021

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			Count	Percent
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