



July 2021

Summary

Equity and credit markets were mixed in July as the market struggled to reconcile competing macro issues. While data on inflation continues to come in higher than expectations, the emergence and spread of the Delta variant of COVID-19 in the U.S. has threatened to slow the pace of economic recovery.

Equities

Domestic stock performance remained linked to the near-term outlook for the economy. Growth projections reversed in July with resurgent COVID caseloads and plateaued vaccination rates threatening to delay or diffuse the economic recovery stateside. Investors rotated out of cyclical stocks and small caps for the safe haven of defensive names and large caps, producing gains for the S&P 500, while small caps finished negative for the month of July.

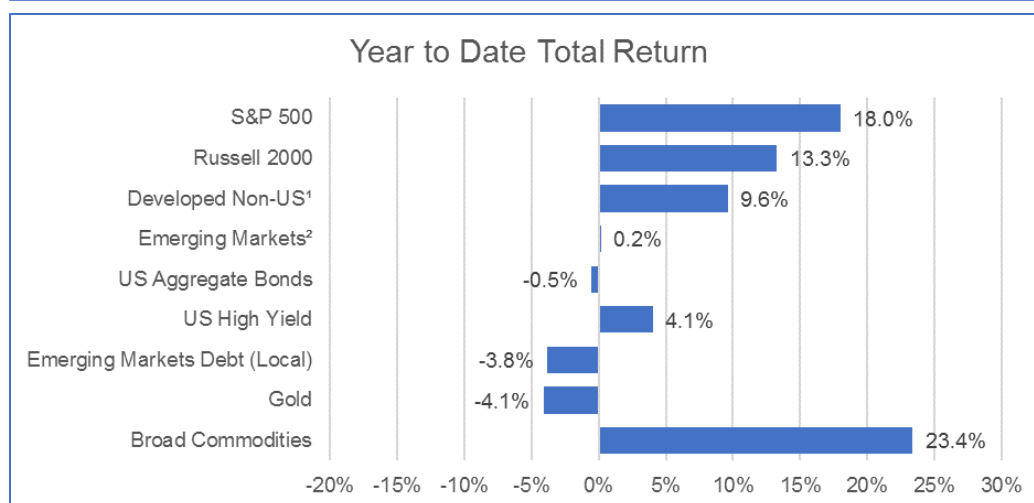
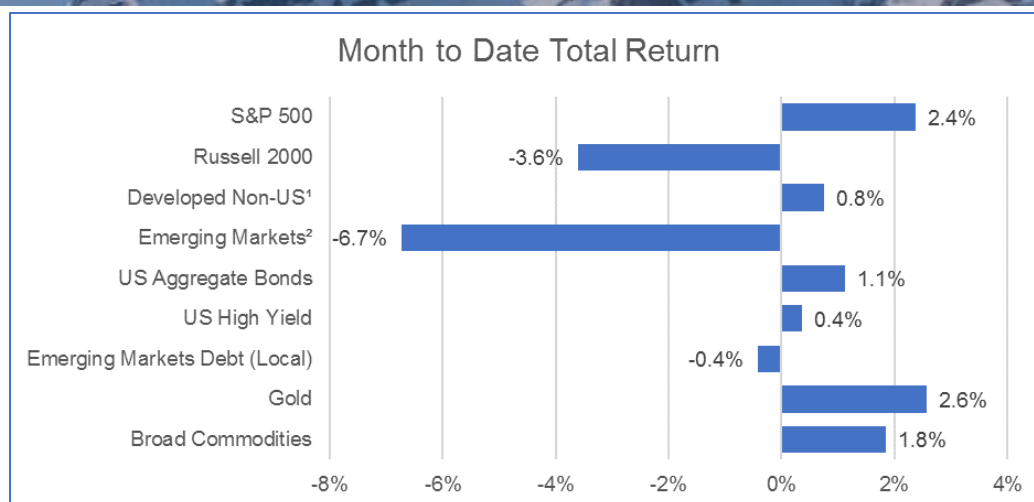
Outside of the U.S., emerging markets suffered due to escalating crackdowns by the Chinese government on tech stocks listed on U.S. stock exchanges. Chinese stocks fell over 10% for the month, and emerging markets tracked lower, lagging other major indices.

Fixed Income

The market's rotation to safety was on display in fixed income markets as well, with the U.S. 10-year treasury yield declining 20 basis points in July, touching lows last seen in early February. Credit spreads widened, but high yield bonds still managed to generate modest positive returns. International bond markets favored developed issuers over emerging markets, with non-U.S. returns bookending domestic fixed income gains.

Market Trends

As of July 31, 2021



	1M	3M	YTD	1Y	3Y	5Y	10Y
S&P 500	2.4%	5.5%	18.0%	36.4%	18.2%	17.3%	15.3%
Russell 2000	-3.6%	-1.5%	13.3%	52.0%	11.5%	14.3%	12.3%
Developed Non-US ¹	0.8%	2.9%	9.6%	30.3%	7.7%	9.4%	6.1%
Emerging Markets ²	-6.7%	-4.4%	0.2%	20.6%	7.9%	10.4%	3.6%
US Aggregate Bonds	1.1%	2.2%	-0.5%	-0.7%	5.7%	3.1%	3.3%
US High Yield	0.4%	2.0%	4.1%	10.7%	6.9%	6.8%	6.4%
Emerging Markets Debt (Local)	-0.4%	0.8%	-3.8%	3.0%	3.3%	3.0%	0.3%
Gold	2.6%	2.8%	-4.1%	-8.5%	13.8%	6.0%	1.1%
Broad Commodities	1.8%	6.6%	23.4%	40.3%	5.3%	3.9%	-4.5%

1 - MSCI EAFE

2 - MSCI – EM

Source: Bloomberg

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