

MARKET OUTLOOK | FRANCIS J. PERFETUO, JR., CFA

Hello again from your Team at Veritas!

As we provide you another weekly update we seem to be gathering additional momentum and progress that is more than welcome. Even amidst the continued challenges of our political and civil rights landscape, hope remains and is growing within the economic, financial and investment landscape.

I wanted to share the latest data and news from the past week and month now that May is behind us **highlighted by this morning's jobs report from the US Bureau of Labor**.

- New Economic Data (absolute levels are still weak but trends continue to show the worst is behind us as more businesses re-open and people go back to work):
 - May reporting from the Institute of Supply Management show month-over-month improvements in *both* non-manufacturing (services) and manufacturing (factories) business activity
 - Weekly *new* unemployment claims were 1.9M (and lower now for the 9th week in a row) ¹
 - Actual *continuing* unemployment claims fell significantly since the mid-May peak ²
 - ***Just this morning the US unemployment rate came in at 13.3% for the month of May. This surprisingly good news blew away the consensus expected 19.5% estimate. Furthermore, the US regained 2.5M jobs in May when consensus was expecting a loss of 7.3M jobs*** ²
- Reopening of America
 - ALL states have opened and are reducing restrictions, and many are moving ahead into Phase II
 - We have seen no significant flare-ups in Covid-19 cases or deaths so far, which is in line with data from other countries
- Risks / Concerns
 - Renewed trade tensions with China
 - China taking away "democratic autonomy" from Hong Kong
 - Civil unrest sparked by the tragic events in Minneapolis
- Market Performance ³
 - For the month of May, equity markets posted another month of strong gains (as a reminder April's S&P 500 performance was +12.7%)
 - Even more encouraging for May is seeing more areas of the equity markets participating and showing strength...this "breadth" is a healthy sign:
 - The S&P 500 (US large caps) posted a return of 4.76% in May
 - The Russell Mid Cap was up 7.03%
 - The Russell 2000 (US small caps) was up 6.51% in May
 - The MSCI EAFE (International) was up 4.35% in May
 - June is off to a nice start with markets continuing to shrug off those risks / concerns and instead focusing on continued optimism from the reopening of America, more people getting back to work, vaccine hope, and government stimulus:
 - *So far* this week (Monday – Thursday) the S&P 500 is up +2.23%



Francis J. Perfetuo, Jr., CFA
Managing Partner
Portfolio Manager

Mark T. Roman
Managing Partner

Kevin C. Dufault
Partner

Timothy Duggan
Financial Advisor

Our sincerest best wishes to you and your family as we continue our journey together.

¹ Source: Dow Jones Market Data

² Source: US Bureau of Labor Statistics

³ Source: Morningstar, Dow Jones Market Data



1050 HINGHAM ST. | ROCKLAND, MA 02370

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