

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

Greetings from our Team at Veritas,

The challenges are many, but the markets continue to focus on the positives from the reopening of America, improving economic trends, vaccine hope, rapid COVID testing and tracking, Fed support, and the prospects of more government stimulus if necessary.

I wanted to share the latest data and news updates from the past week:

- New Economic Data (absolute levels are still weak, but trends continue to show that April was the economic “bottom” and the healing has begun):
 - In May, retail sales rose 17.7%. This number significantly beat all forecasts and expectations ²
 - Weekly *new* unemployment claims were 1.5M (and lower now for the 11th week in a row) ¹
 - After a big drop in April, housing construction starts increased by 4.3% ³
 - The U.S. Leading Economic Index rose 2.8% in May. The LEI is a weighted gauge of 10 indicators designed to signal business cycle trends ⁴
- Risks / Concerns
 - Fears of a second wave of the coronavirus in the US as we see several states reporting spikes in cases after reopening
 - There is debate over whether this is a function of rapidly increased testing
 - Continued challenges as it relates to our civil rights landscape
 - Despite the improved jobs reports, there are still too many people unemployed and businesses closing. It’s just going to take time to fully recover
 - Political uncertainty surrounding the upcoming presidential election this fall
- Market Performance ¹
 - After 2 very strong months of equity market performance in April and May, June is off to a nice start so far ...
 - June’s S&P 500 month-to-date return (through 6/18) stands at +2.33%



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Continued best wishes for a healthy and safe summer,

1 Source: Dow Jones Market Data, 2 Source: US Bureau of Labor Statistics, 3 Source: US Census Bureau, 4 Source: Marketwatch



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