

STOCKS RISE MODESTLY AS OIL LEAPS 5% TO ITS HIGHEST LEVEL IN MORE THAN 2 YEARS AND INTEREST IN MEME STOCK RISES

- U.S. stock markets continued last week’s winning streak, as all of the major indices ended the week in positive territory by the time the holiday-shortened week came to an end
- The major indices ended the week up less than 1%, but a gain is a gain, as the Russell 2000, DJIA, S&P 500, and NASDAQ advanced a modest 0.8%, 0.7%, 0.6%, and 0.5%.
- The beginning of the week was quiet and markets hardly moved, but then a decent amount of positive economic news was reported and the price of oil jumped to almost \$70/barrel, its highest level since the middle of October 2018
- The 5% weekly jump in the price of oil drove the Energy sector to a remarkable 6.7% gain on the week and a stunning YTD gain of more than 45%
- Despite the quiet week, there was an uptick in volatility in a few meme names from the Reddit community, including GameStop, AMC and Bed Bath & Beyond
- The 10-year U.S. Treasury yield declined slightly to end the week at 1.55%
- Volatility, as measured by the VIX, ended the week about where it started, although there were a few spikes from Tuesday afternoon until late Thursday

Weekly Market Update – June 4, 2021

	Close	Week	YTD
DJIA	34,756	0.7%	13.6%
S&P 500	4,230	0.6%	12.6%
NASDAQ	13,814	0.5%	7.2%
Russell 2000	2,286	0.8%	15.8%
MSCI EAFE	2,358	0.6%	9.8%
Bond Index*	2,331.49	-0.12%	-2.53%
10-Year Treasury	1.55%	-0.03%	0.5%

*Source: Bonds represented by the Bloomberg Barclays US Aggregate Bond TR USD. This chart is for illustrative purposes only and does not represent the performance of any specific security. Past performance cannot guarantee future results

Markets Move Up Slightly on Memorial Day Week

The four major U.S. equity indices ended the holiday-shortened week on the positive side, continuing last week’s run. The Energy sector stole the week, leaping an astonishing 6.7% as the price of oil jumped 5% to its highest level in over 2 years.

Generally speaking, it was a light week in terms of trading volumes, although there was an uptick in trading from retail investors as the “meme” stocks saw a lot of action, reminiscent of the GameStop saga from earlier in the year. Stuningly, AMC leapt over 95% on Wednesday alone and recorded a weekly gain of more than 80%.

There was a lot of economic news to digest this week, and how you view the data really depends on your perspective.

- On Friday, the Labor Department reported that employers added 559,000 jobs in May, which was below the estimates of about 650,000
- The unemployment rate fell more than expected, from 6.1% to 5.8%
- ISM's manufacturing index came in at 61.2 in May, which was above expectations, but the real shocker was the 67.0 reading for new orders. Both the index and new orders are near all-time highs
- Construction spending managed only a slight gain of 0.2 percent gain in April
- At almost 1 million, ADP's May estimate for private payroll growth was higher than expected

Global Equity Markets Mostly Up in May

Global equity markets were mostly positive for the month of May, as the larger-caps outperformed the smaller-caps, value stocks outperformed growth stocks, and the blue-chips outpaced the technology-names. And May also saw Wall Street struggling between the competing forces of positive economic news and much-better-than-expected corporate earnings on the one hand and inflation and tax worries on the other.

For the month of May:

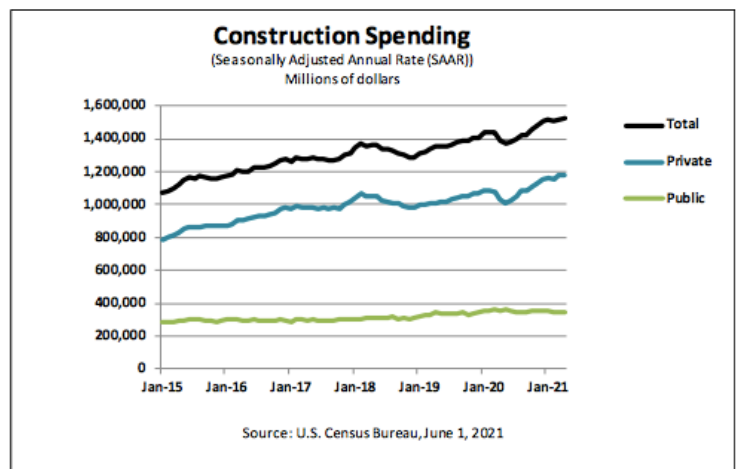
- The DJIA was up 1.9%;
- The S&P 500 was up 0.5%;
- NASDAQ was down 1.5%; and
- The Russell 2000 was up 0.1%.

In addition, all 35 developed markets tracked by MSCI were positive for the month of May, with the MSCI Europe ex EMU Index leading the way with a monthly gain of over 4%. And of the 40 developing markets tracked by MSCI, 34 of those were positive in May too.

Construction Spending Up Almost Everywhere

On June 1st, the U.S. Department of Commerce reported:

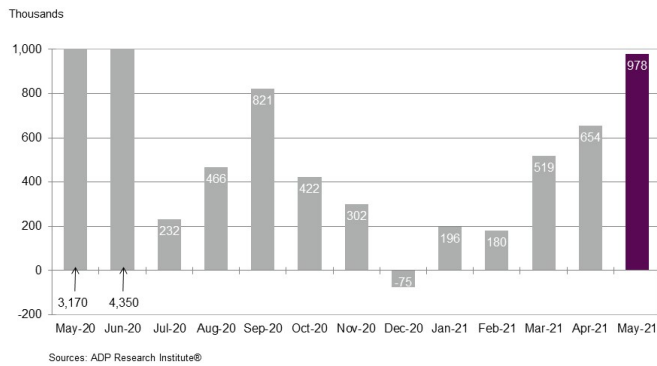
- Construction spending during April 2021 was \$1,524.2 billion, 0.2% above the revised March estimate of \$1,521.0 billion.
- The April figure is 9.8% above the April 2020 estimate of \$1,387.9 billion.
- During the first four months of this year, construction spending amounted to \$452.3 billion, 5.8% above the \$427.3 billion for the same period in 2020.



Private Sector Employment Up Almost 1M

On Wednesday, the May ADP National Employment Report was released and it reported that private sector employment increased by 978,000 jobs from April to May.

Chart 1. Change in Total Nonfarm Private Employment



Companies of all sizes experienced an increase in job growth, and interestingly the increases were close to being the same for small, medium and large businesses.

Small businesses: 333,000

- 1-19 employees 177,000
- 20-49 employees 156,000

Medium businesses: 338,000

- 50-499 employees 338,000

Large businesses: 308,000

- 500-999 employees 88,000
- 1,000+ employees 220,000

Source: [census.gov](https://www.census.gov); [msci.com](https://www.msci.com); [fidelity.com](https://www.fidelity.com); [nasdaq.com](https://www.nasdaq.com); [wsj.com](https://www.wsj.com); [morningstar.com](https://www.morningstar.com)