

W. James Steen, CFP®
jim@petrafin.com

Jason A. Pearson, CFP®
jason@petrafin.com

(O) 937.294.9000

www.petrafinancialsolutions.com

Market Monitor



- The S&P 500 set eight new all-time highs in July, finishing within 0.3% of its July 26 record of 2,477.83 and has surged 20.3% since the November elections.
- Foreign stocks continued to generally outpace domestic equities in July and so far this year.
- Gold rose 2.3% in July, its strongest gain in five months; while U.S. crude oil surged 8.4%, finishing above \$50/barrel for the first time in two months.

U.S. stocks slipped at month-end, but powered to fresh records in July amid mostly solid corporate earnings and further signs of improved economic growth. The S&P 500 pared gains the last three sessions of the month, yet climbed 2.1% in July to extend YTD gains to 11.6%. The Dow Industrials finished at an all-time high, posting a 2.7% gain in July and is up 12.3% YTD. The NASDAQ Composite performed best among the major U.S. indices, rising 3.4% and 18.6%, respectively, in July and YTD. Fueled by a weaker dollar, stronger consumer spending and years of cost-cutting, S&P 500 companies are now poised to register two consecutive quarters of double-digit earnings growth for the first time since 2011. At more than halfway through the quarterly earnings season, overall S&P 500 profits are expected to rise 11% in the second quarter, following the 15% earnings growth posted in the first quarter. Recently however, even as the majority of large cap technology firms posted street-beating 2Q earnings, a number of them reported soft revenue and/or issued lackluster forward guidance, sparking some end-of-month selling. The challenge came just as the VIX Volatility Index reached its longest period of record low volatility (ten consecutive days finishing below a level of 10). On a brighter note, Commerce Department officials said in a preliminary report that second quarter GDP growth expanded at a 2.6% annualized pace, more than double the revised 1.2% pace of first quarter growth.

Within the S&P 500, all 11 of its major sector groups posted gains in July, led by Telecom (+6.4%), Technology (+4.3%) and Energy (+2.5%). On a YTD basis, Technology (+22.3%) and Healthcare (+17%) are this year's best performing sectors, while Energy (-10.4%) and Telecom (-5.1%) are the only sectors that remain negative in 2017. Large cap stocks, as measured by the S&P 500, performed best in July, outperforming small and mid cap companies. Small cap companies, as measured by the Russell 2000 Index, rose 0.7% last month, while the Russell Mid Cap Index returned 1.5%. Large cap stocks also gained the most this year, up 11.6% YTD versus 9.6% for mid caps and 5.8% for small caps. Growth stocks outperformed value stocks in July, with the Russell 1000 Growth Index up 2.7%, while the Russell 1000 Value Index rose 1.3%. The outperformance in growth stocks has continued to widen on a year-to-date basis, with growth shares up 17%, while value stocks trailed with a 6.1% YTD gain.

The MSCI EAFE Index, a broad performance measure of global developed markets outside the U.S. and Canada, outperformed domestic equities last month, gaining 2.9%. The MSCI Emerging Markets Index also outperformed the U.S., posting a 6% advance in July. The MSCI All Country World Index excluding the U.S. rose 3.7% in July and 18.3% YTD. Prices on benchmark 10-year U.S. Treasury notes edged higher in July, sending its yield lower by 5.2 basis points to end the month at 2.295%. The Bloomberg Barclays U.S. Municipal Bond Index gained 0.8% last month, while the Bloomberg Barclays U.S. Aggregate Bond Index, a broader measure of U.S. investment grade bonds, rose just 0.4%. At the other end of the credit spectrum, the Bloomberg Barclays U.S. Corporate High Yield Index, a proxy for below-investment grade corporate bonds, returned 1.1% in July and was up 6.1% YTD.

Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards. Affiliates and subsidiaries and/or officers and employees of Cetera Financial Group or Cetera Advisors LLC may from time to time acquire, hold or sell a position in the securities mentioned herein. Securities offered through Cetera Advisors LLC, Member FINRA/SIPC. Petra Financial Solutions is not affiliated with Cetera Advisors. Petra Financial Solutions, Inc. 3055 Kettering Blvd., Suite 218, Dayton, OH 45439.

This information is compiled by Cetera Financial Group. No independent analysis has been performed and the material should not be construed as investment advice. Investment decisions should not be based on this material since the information contained here is a singular update, and prudent investment decisions require the analysis of a much broader collection of facts and context. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. All economic and performance information is historical and not indicative of future results. The market indices discussed are unmanaged. Investors cannot directly invest in unmanaged indices. Please consult your financial advisor for more information.

