

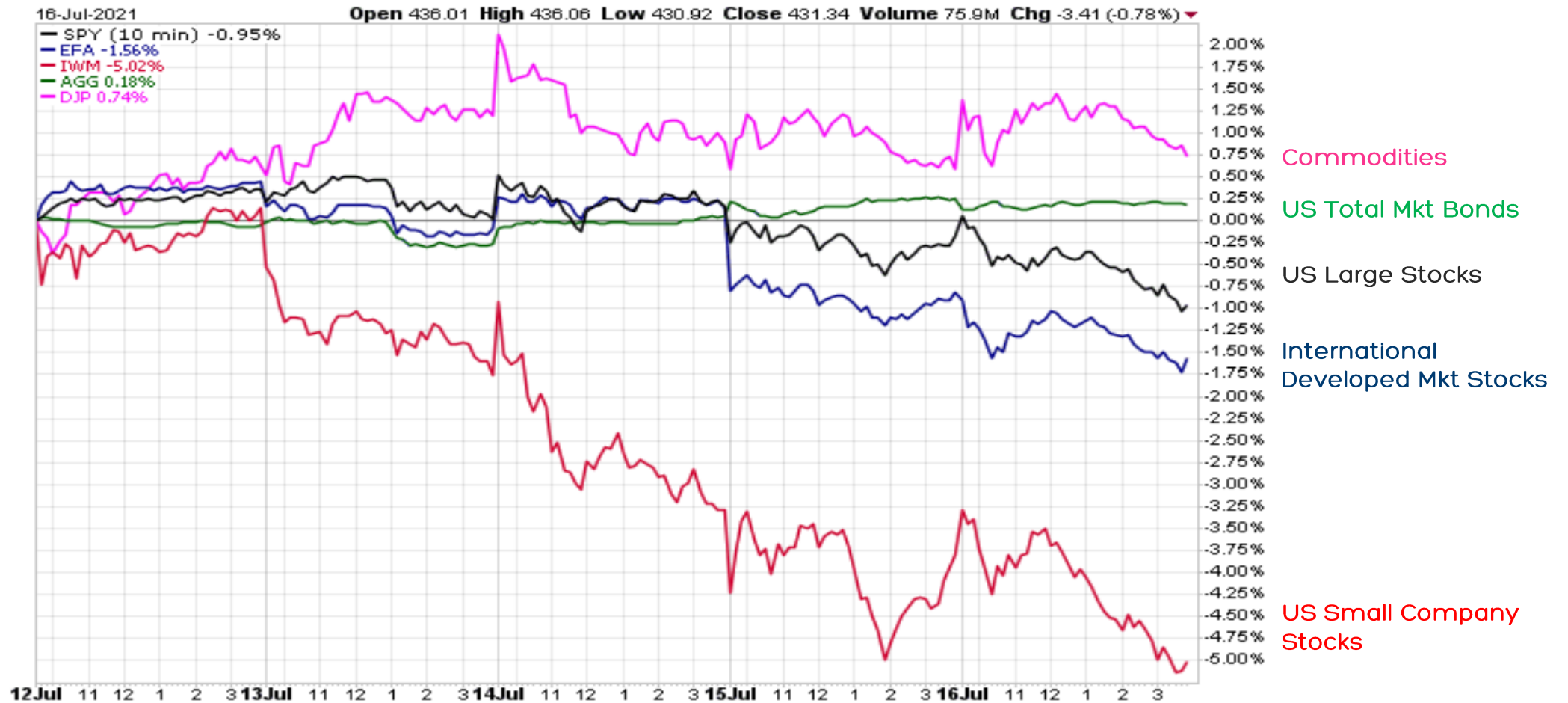


Two Minutes With Todd

Supporting Charts + Commentary

July 19th, 2021

Last Week's Performance



Another down week for equity investors was highlighted by strength in the US bond market. Yields headed lower (again) to ~1.26% on the US 10 Year. Weakness in the small company index (Russell 2000) will be watched closely.

Chart #1: Banks Kicked Off Q2 Earnings Season



Only one of the four big banks (Wells Fargo) that reported earnings last week had a positive stock reaction. Earnings were up from Q1 to Q2, however loan growth was....down. This may be what is spooking the bond market.

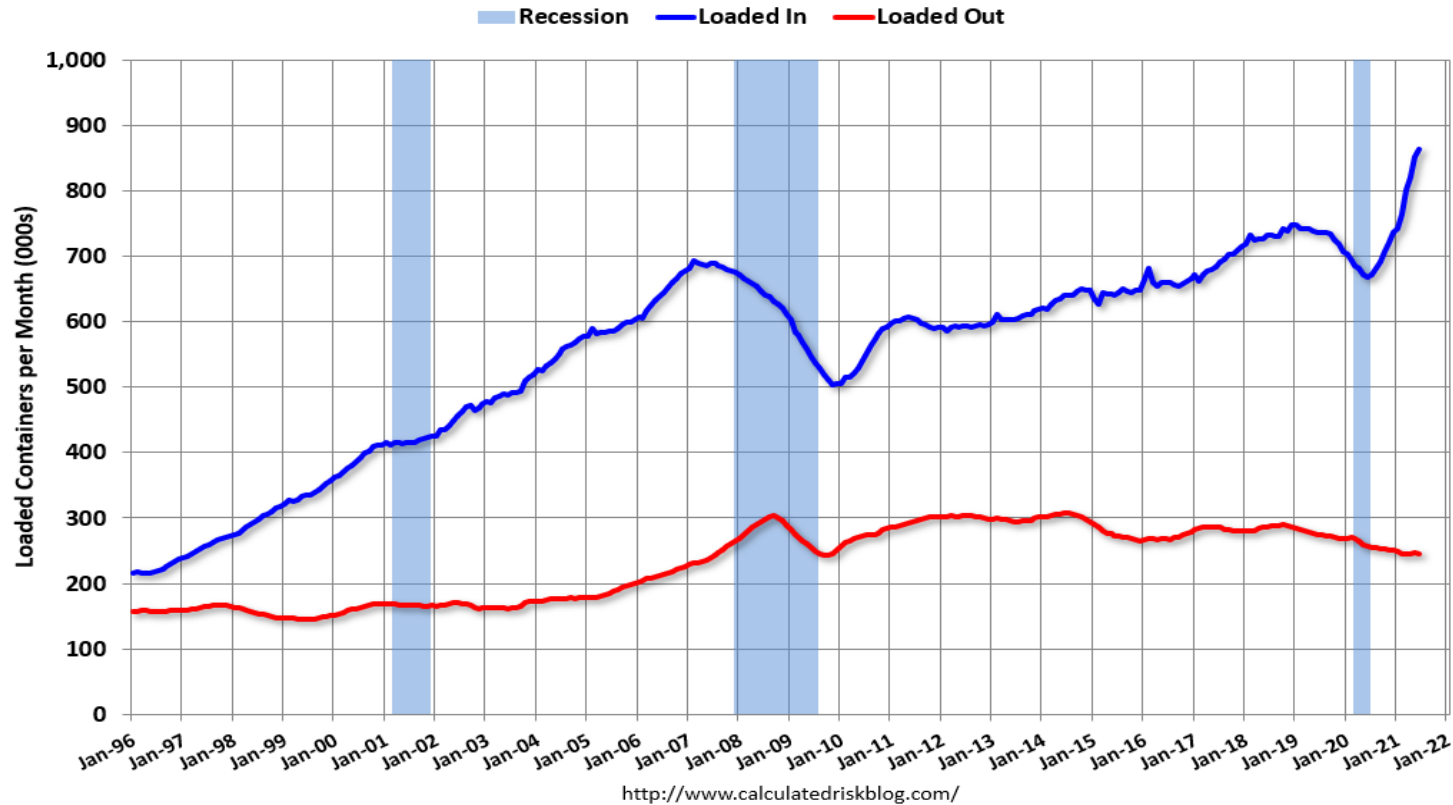
Chart #2: Yields Grinding Lower



The bond market has been suggesting for a few months that growth in the US economy will return to a (lower) normalized trend sooner than economists expect. A move lower from here wouldn't too worrying but would certainly necessitate changes in portfolios.

Chart #3: What Slowdown?

Loaded Inbound and Outbound Containers, Rolling 12 month Average
Los Angeles and Long Beach Ports



At the same time bonds are signaling a slowdown in growth in the intermediate future, current indicators are still reflecting significant growth in coming quarters. Above, import activity appears to be the strongest ever recorded.

Appendix

Correction / Recession Indicators



| | | |
|------------------------------------------------------|-------------|----------|
| Commodities Trend (3M) ¹ | Up | |
| High Yield Credit Spreads (579 bps ave) ² | 314 | |
| BBB Credit Spreads (172 bps ave) ² | 111 | |
| Yield Curve 10yr – 3M (175 bps ave) ² | 126 | |
| CBOE Put/Call Ratio (0.9 to 1.1) ¹ | 0.98 | |
| Volatility Index (13-19 ave) ¹ | 20.1 | ↑ |
| NYSE Advance/Decline Line (month/month) ¹ | Down | ↓ |

| | | |
|-------------------------------------------------|------------------|----------|
| CNN Fear/Greed Index ³ | Ext. Fear | ↓ |
| AII % Bulls Sentiment (39% ave) ⁴ | 36.2% | ↓ |
| Chemicals Activity Barometer (y/y) ⁵ | 18.6% | |
| S&P 500 200 Day Moving Average Cross | No | |
| Total Positive | 12 / 18 | |
| Total Negative | 5 / 18 | |

| | | |
|--------------------------------------------------|--------------|--|
| Continued Unemployment Claims ² | 3,241 | |
| GDP Nowcast ⁶ | 7.8% | |
| Case-Schiller HPI (y/y) ⁷ | 14.0% | |
| US ISM Manufacturing (y/y) ⁷ | 12.8% | |
| US ISM Services (y/y) ⁷ | 13.3% | |
| Headline Consumer Price Index (y/y) ⁷ | 5.0% | |
| Leading Economic Index (m/m) ⁷ | 1.3% | |

Sources: (1) Stockcharts.com, (2) St. Louis Federal Reserve FRED. (3) CNN.com, (4) American association of Individual Investors, (5) American Chemistry Counsel, (6) Atlanta Federal Reserve, (7) Factset

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