

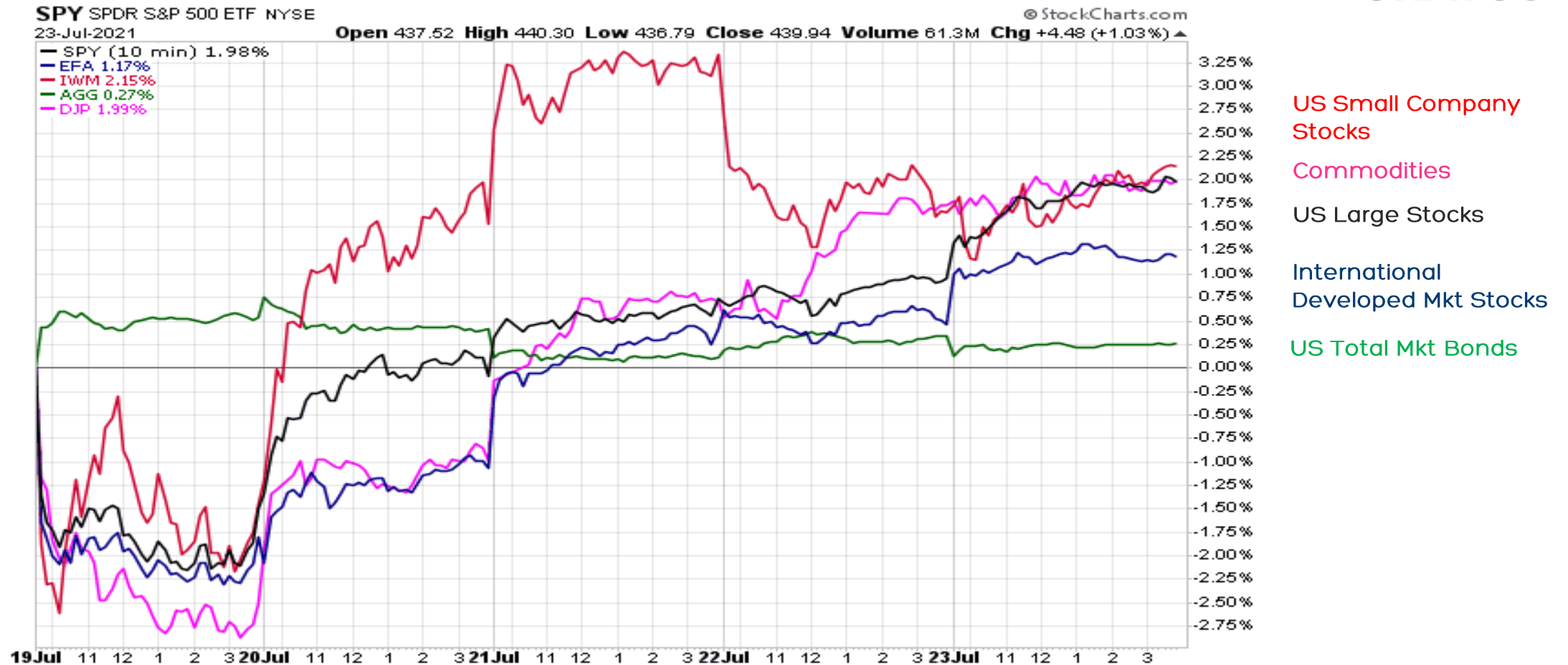


Two Minutes With Todd

Supporting Charts + Commentary

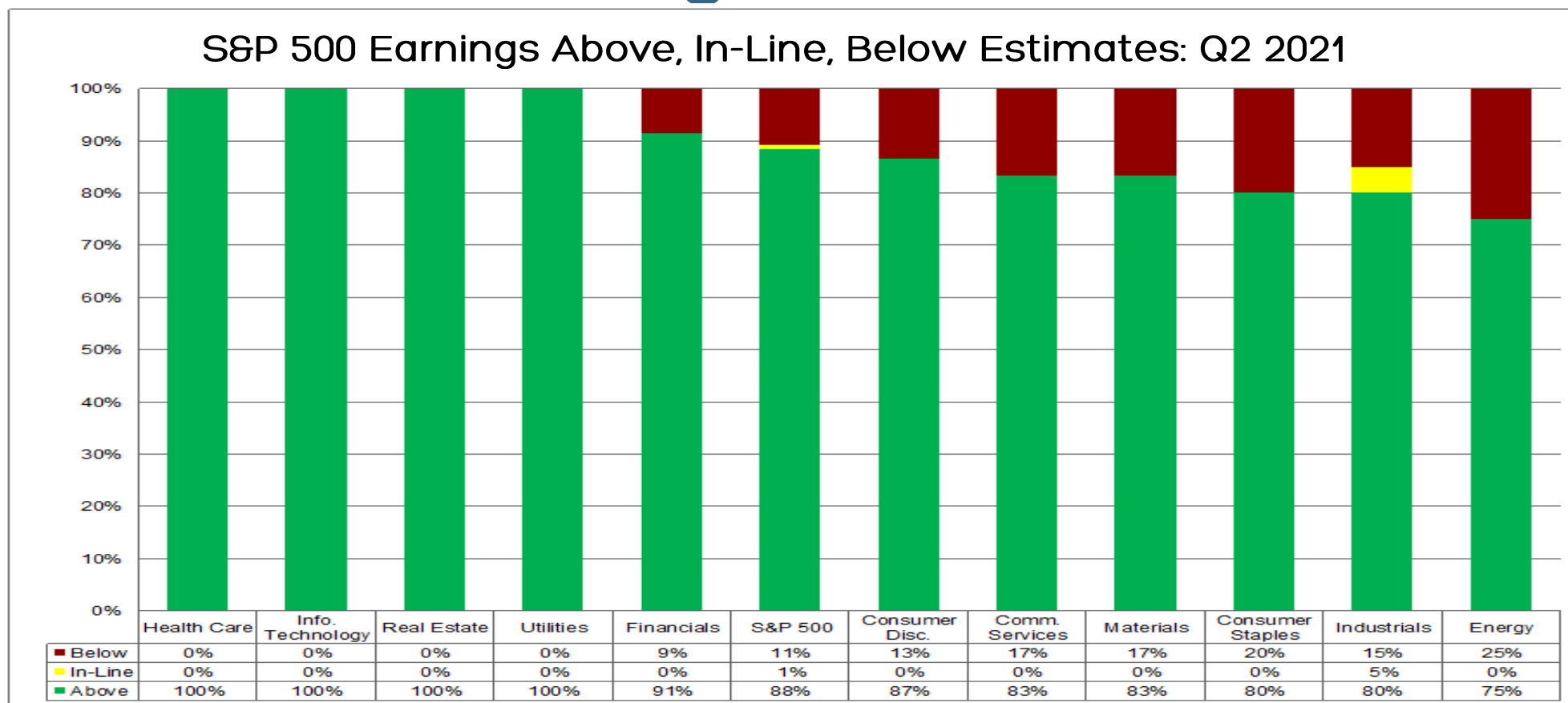
July 26th, 2021

Last Week's Performance



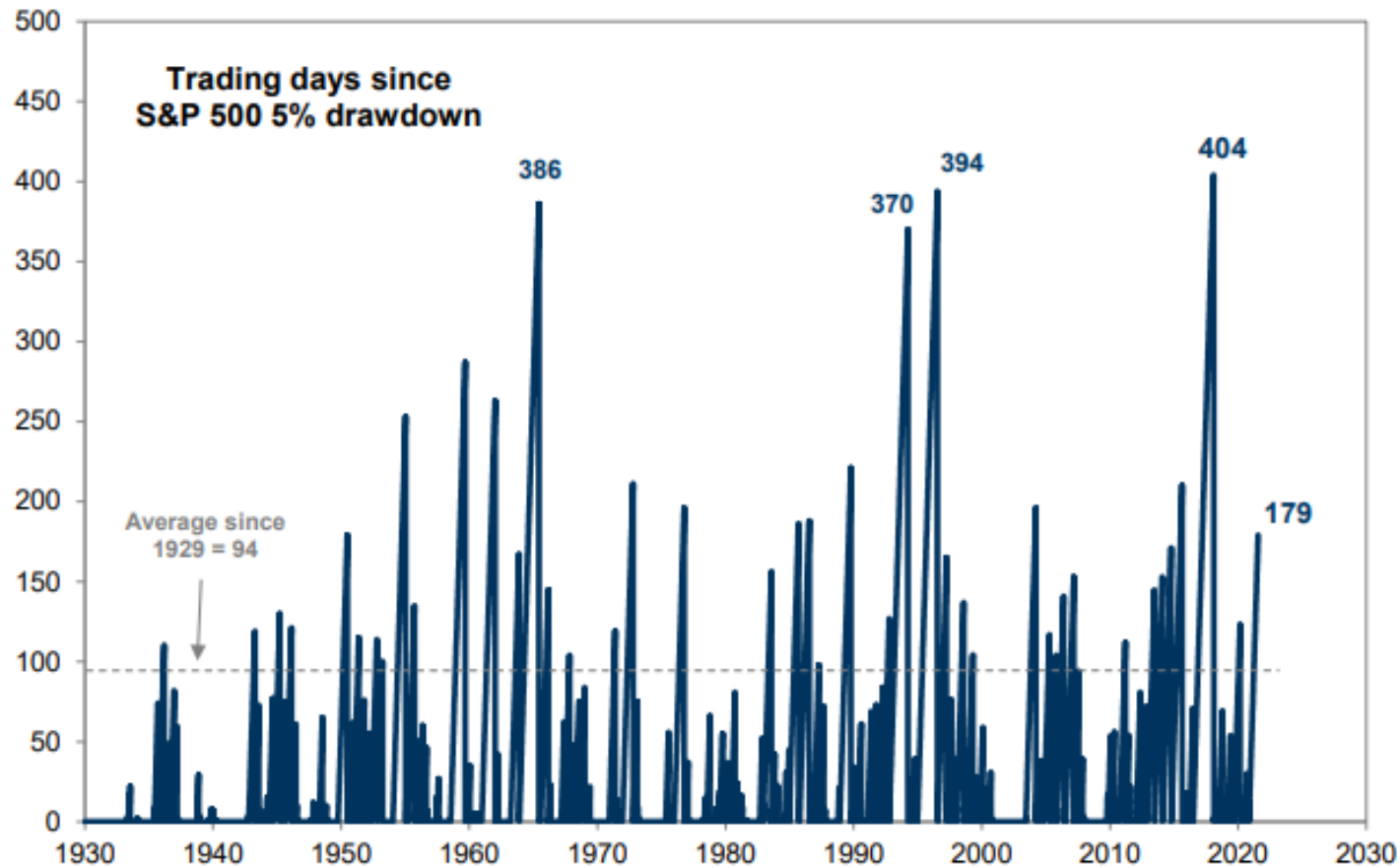
Small companies rallied back after recent poor performance. As well, commodity strength continues to demonstrate underlying economic demand. Bonds aren't showing any early warning signs.....yet.

Chart #1: Q2 Earnings Season



Overall, 24% of the companies in the S&P 500 have reported actual results for Q2 2021 to date. Of these companies, 88% have reported actual EPS above estimates, which is above the five-year average of 75%.

Chart #2: Equity Markets Are Due For A Correction



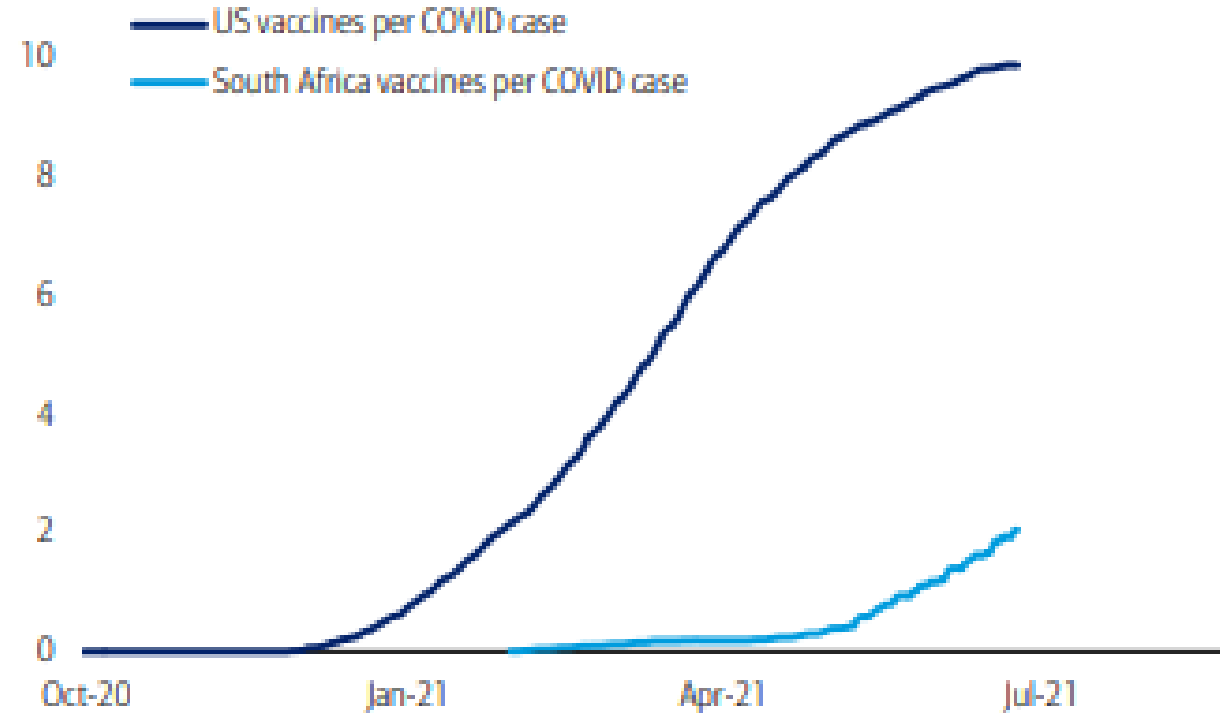
At the start of Q3 '21, based on a number of sentiment factors the S&P 500 is primed for a 5-15% drawdown. We'd be adding to equity positions if this drawdown occurred.

Chart #3: COVID-19 Delta Variant Issue



Vaccination Numbers US/Europe vs. Emerging Markets

Vaccines per COVID case



While US vaccination rates have been making significant progress, outside of the US (and in emerging markets in particular) vaccination rates have been far lower. This poses a significant “tail risk” to the global recovery as the COVID-19 variants spread.

Appendix

Correction / Recession Indicators



Commodities Trend (3M) ¹	Up	
High Yield Credit Spreads (579 bps ave) ²	324	
BBB Credit Spreads (172 bps ave) ²	113	
Yield Curve 10yr – 3M (175 bps ave) ²	125	
CBOE Put/Call Ratio (0.9 to 1.1) ¹	0.88	
Volatility Index (13-19 ave) ¹	17.2	
NYSE Advance/Decline Line (month/month) ¹	Down	

CNN Fear/Greed Index ³	Fear	
AII % Bulls Sentiment (39% ave) ⁴	30.6%	
Chemicals Activity Barometer (y/y) ⁵	18.6%	
S&P 500 200 Day Moving Average Cross	No	

Continued Unemployment Claims ²	3,236	
GDP Nowcast ⁶	7.6%	
Case-Schiller HPI (y/y) ⁷	14.59%	
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%	



Total Positive **12 / 18**

Total Negative **5 / 18**

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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