

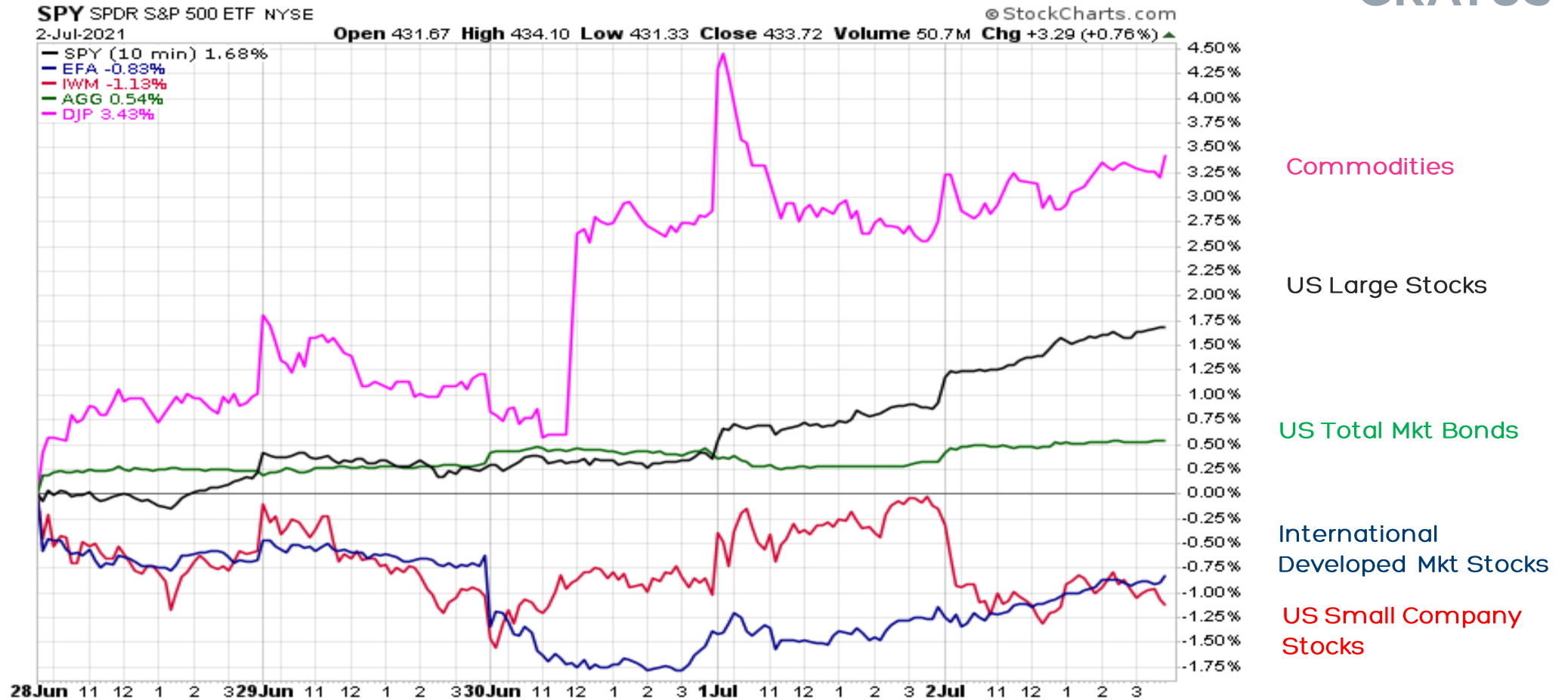


# Two Minutes With Todd

Supporting Charts + Commentary

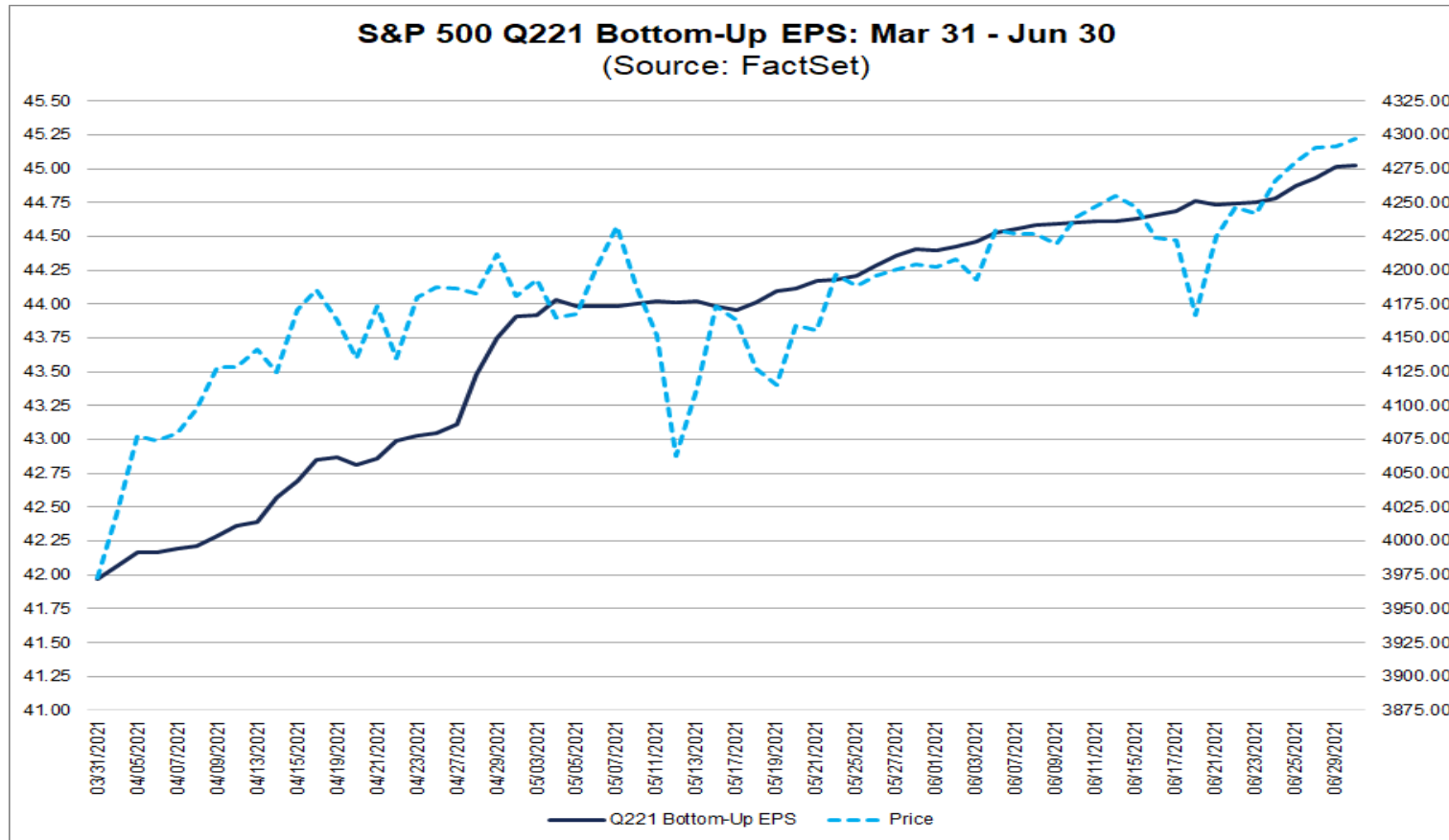
July 6<sup>th</sup> , 2021

# Last Week's Performance



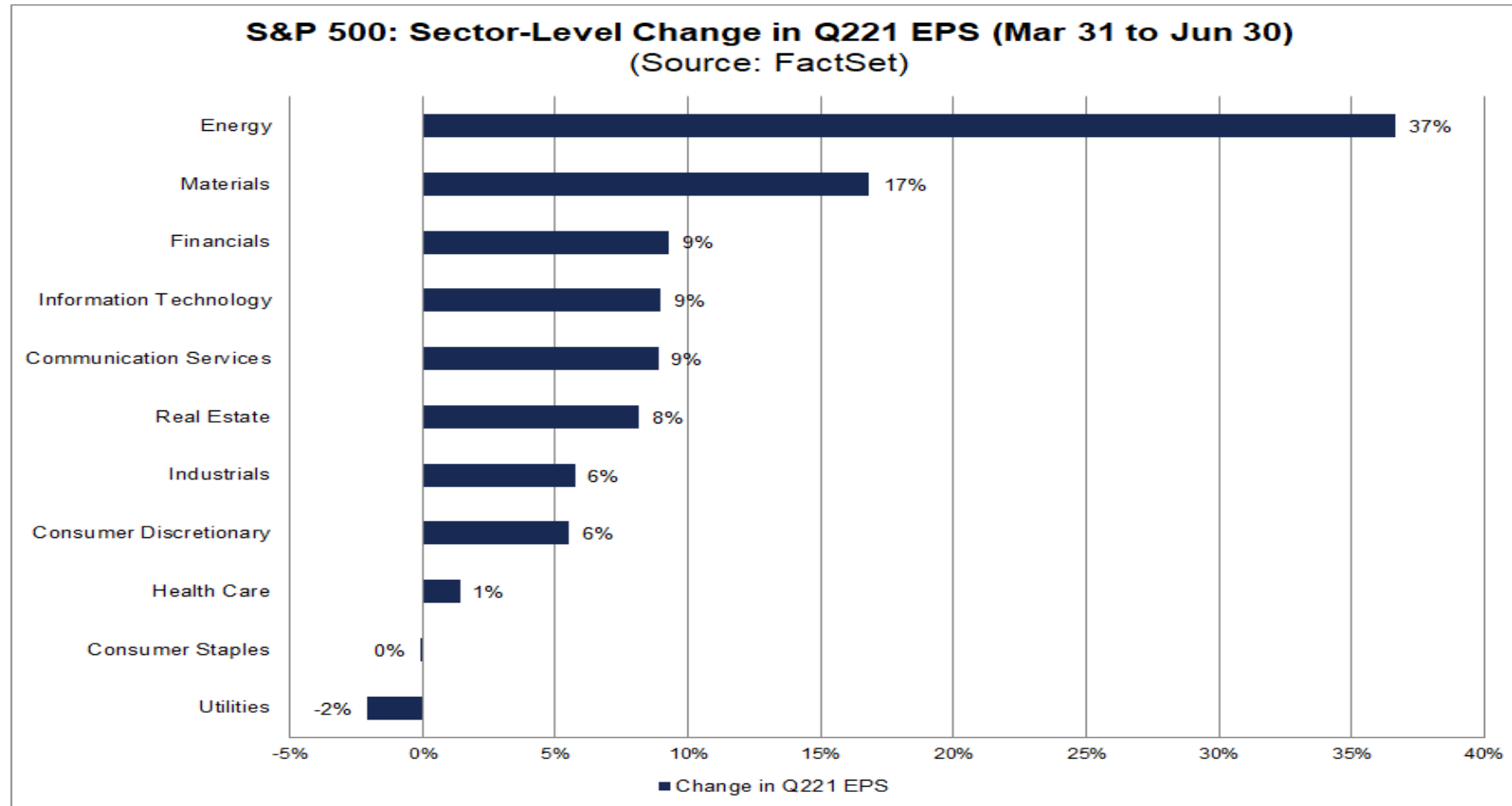
US small company leadership took a breather this week, as US large companies powered to new highs. The US 10yr yield fell to levels not seen since March '21.

# Chart #1: S&P 500 Earning Estimates Climb



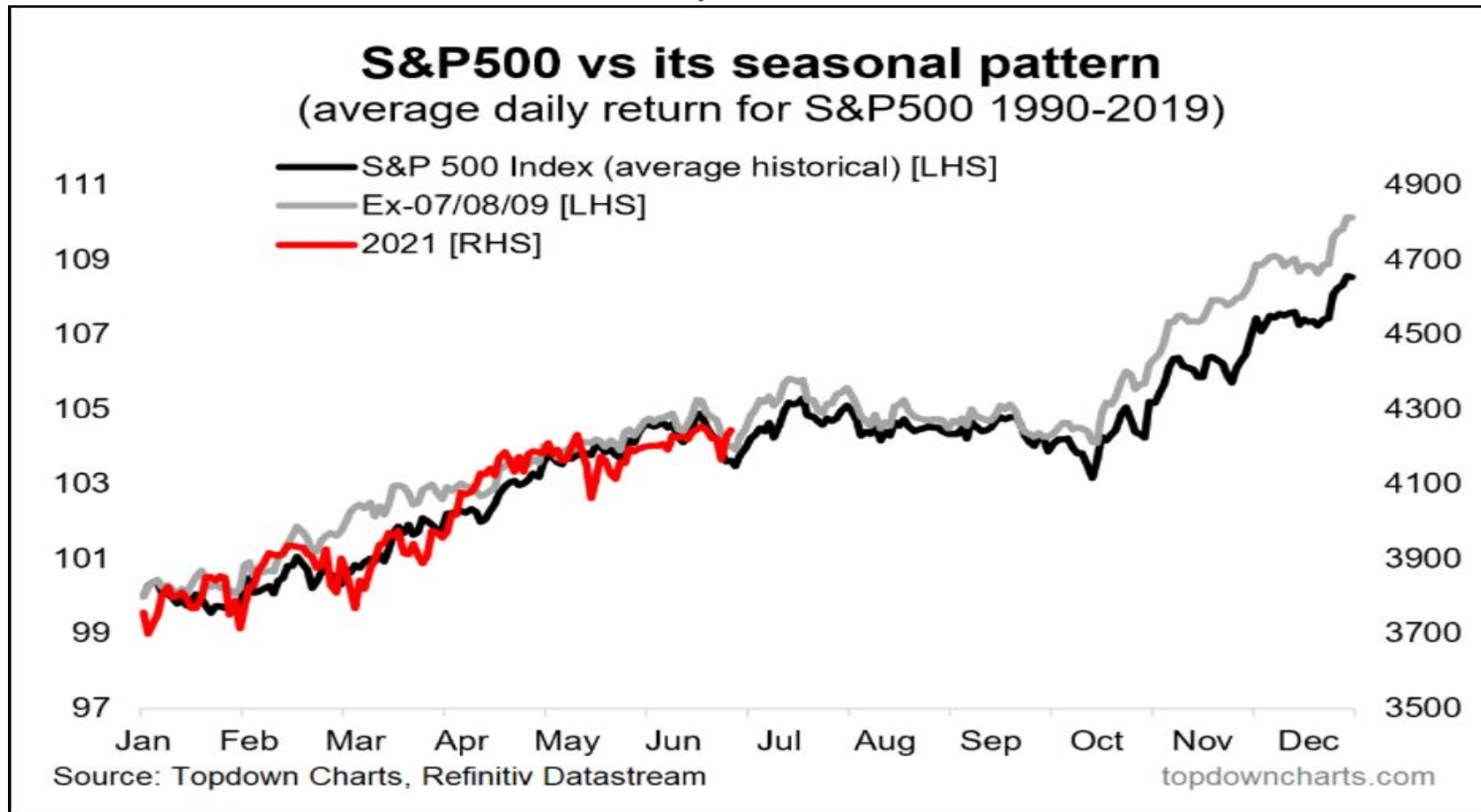
Q2 ended the quarter on a high note in both price and earnings. As the chart above shows, earnings estimates for Q2 rose 7.3% during the quarter.

# Chart #2: Cyclical Sector Upside



The aggregate increase in earnings during Q2 came from many sectors, with significant contribution in cyclical areas (energy, materials, financials). Aggregate economic conditions could support additional upside to cyclical earnings.

# Chart #3: Seasonality +/-



As the chart above shows, summer months have been (historically) quiet. Earnings upside will likely drive price movement into the end of the year in global stocks barring any significant bond yield changes.

# Appendix

# Correction / Recession Indicators



Commodities Trend (3M) <sup>1</sup>	<b>Up</b>	
High Yield Credit Spreads (579 bps ave) <sup>2</sup>	<b>302</b>	
BBB Credit Spreads (172 bps ave) <sup>2</sup>	<b>108</b>	
Yield Curve 10yr – 3M (175 bps ave) <sup>2</sup>	<b>139</b>	
CBOE Put/Call Ratio (0.9 to 1.1) <sup>1</sup>	<b>0.65</b>	<b>↓</b>
Volatility Index (13-19 ave) <sup>1</sup>	<b>15.1</b>	
NYSE Advance/Decline Line (month/month) <sup>1</sup>	<b>Up</b>	

CNN Fear/Greed Index <sup>3</sup>	<b>Neutral</b>	
AII % Bulls Sentiment (39% ave) <sup>4</sup>	<b>48.6</b>	<b>↑</b>
Chemicals Activity Barometer (y/y) <sup>5</sup>	<b>18.6%</b>	<b>↑</b>
S&P 500 200 Day Moving Average Cross	<b>No</b>	

Total Positive **10 / 18**

Total Negative **6 / 18**

Continued Unemployment Claims <sup>2</sup>	<b>3,469</b>	
GDP Nowcast <sup>6</sup>	<b>7.8%</b>	
Case-Schiller HPI (y/y) <sup>7</sup>	<b>14.0%</b>	
US ISM Manufacturing (y/y) <sup>7</sup>	<b>12.8%</b>	
US ISM Services (y/y) <sup>7</sup>	<b>13.3%</b>	
Headline Consumer Price Index (y/y) <sup>7</sup>	<b>5.0%</b>	
Leading Economic Index (m/m) <sup>7</sup>	<b>1.3%</b>	

## Disclosures

Gratus Capital, LLC (Gratus) is a limited liability company that provides investment advisory services, financial planning and other wealth management services to individuals and businesses. Gratus is an SEC registered investment advisor and a wholly-owned subsidiary of Focus Financial Partners. Registration with the SEC does not imply any level of skill or training. Our ADV documents are available upon request.

The information contained in this summary is for informational purposes only and contains proprietary information that is subject to change without notice. Any opinions expressed are current as of the time made and subject to change without notice.

Past performance is not indicative of any specific investment or future results. Views regarding the economy, securities markets, or other specialized areas, like all predictors of future events, cannot be guaranteed to be accurate and may result in economic loss to the investor. Any information provided by Gratus regarding historical market performance is for illustrative and educational purposes only. Clients or prospective clients should not assume that their performance will equal or exceed historical market results and/or averages.

Gratus' portfolio recommendations may differ from the date of this publication and implementation in a portfolio. The information provided is not intended to be, and should not be construed as, investment, legal or tax advice. Nothing contained herein should be construed as a recommendation or advice to purchase or sell any security, investment or portfolio allocation. Any investment advice provided by Gratus is client-specific based on each client's risk tolerance and investment objectives.

If you have questions, please contact our team at: [clientsupport@gratuscapital.com](mailto:clientsupport@gratuscapital.com)

