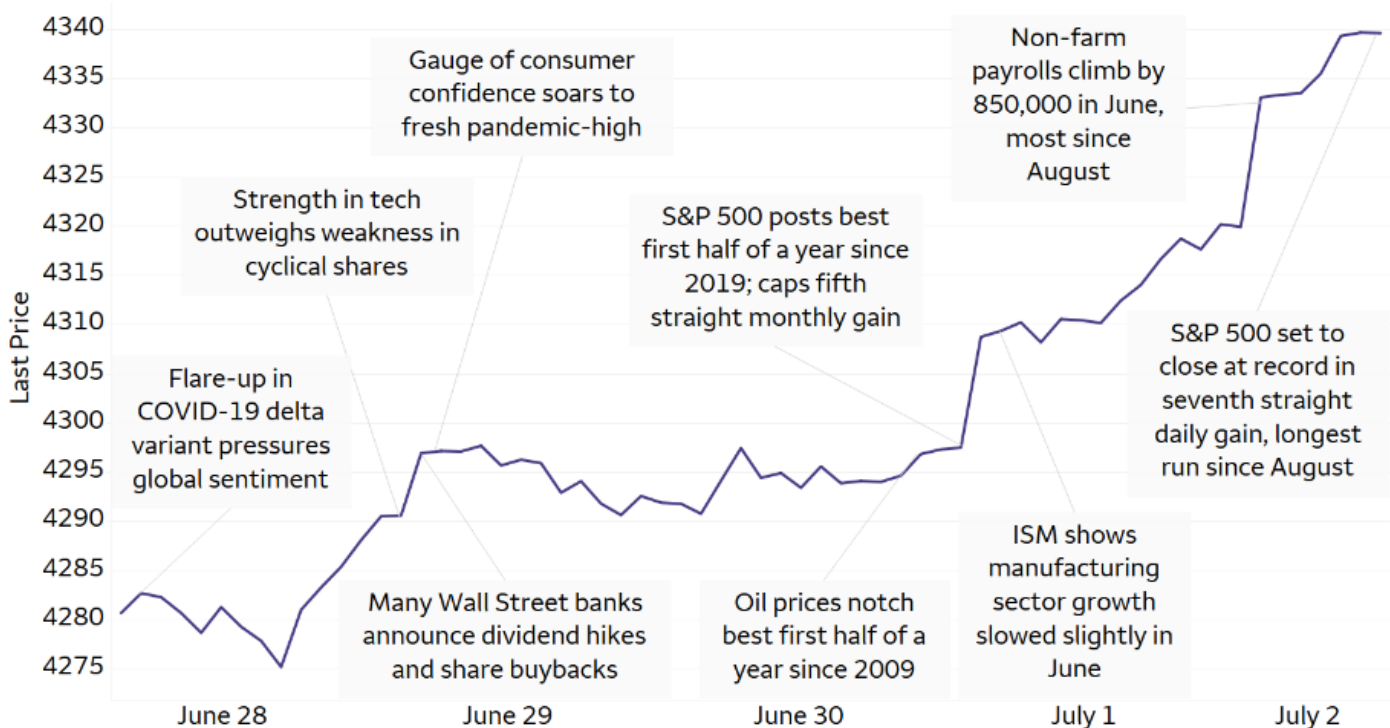


# Looking Ahead

"I got my hands up, they're playing my song  
They know I'm gonna be okay  
Yeah, it's a party in the U.S.A.  
Yeah, it's a party in the U.S.A."  
- Miley Cyrus (Party in the U.S.A.)

As the end of the first half of 2021 came to a close this week, Wall Street cheered robust gains in U.S. equities. The S&P 500 capped its fifth consecutive quarterly advance, its longest such winning streak since 2017. Upward momentum looked to carry into July, with both the S&P 500 and Nasdaq Composite positioned to close the week at fresh record levels. Even the Dow approached a new peak for the first time since early May. Signs of an improving labor market helped investors dance into the long holiday weekend, with the monthly jobs report seeming unlikely to prompt central bank officials to preemptively remove the "punch bowl" of monetary stimulus. Meanwhile, oil prices wavered as market participants awaited an output decision from OPEC+.

## S&P 500 Index Performance: Week of June 28 - July 2



Source: Bloomberg \*As of July 2, 12:30 p.m. ET

Heading into Monday's session, trading seemed relatively directionless as investors awaited the next market catalyst. The major averages had just come off a solid week of gains, with risk sentiment supported by Thursday's (June 24) news that

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a group of bipartisan Senators had reached an agreement on a sizeable infrastructure plan. Through June 25, the S&P 500 posted its best weekly performance since early February (+2.7%), while the Dow's 3.4% advance was its strongest five-day performance since March--a sharp comeback from the blue chip index's worst week since October that had been fueled by a surprisingly "hawkish" Fed pivot. Market participants now turned their attention to key economic updates, with the Labor Department's highly anticipated monthly jobs report due to hit the tape on Friday, just before the long holiday weekend.

Before the critical data point could be released, however, Wall Street focused its attention on the turn of the calendar. Wednesday marked the end of June and the second quarter, along with the mid-point of 2021. The S&P 500 capped its strongest first-half performance since 2019 (+14.4% year-to-date through June 30), and notably its second-best first half since 1998. The broad benchmark closed out June at a new record level, posting a fifth consecutive monthly advance (+2.2%). The Nasdaq Composite climbed 5.5% in June--just shy of its all-time peak--as growth-related shares resumed their outperformance versus their more cyclical and value-oriented counterparts. The Dow was essentially flat for the month, dipping just 0.1%. The Russell 2000 advanced for a ninth straight month, its longest such winning streak since 1983. The Dow and S&P 500 each notched their fifth consecutive quarterly gain (+4.6% and +8.2%, respectively), their best run since a nine-quarter stretch ending in 2017.

## Asset Class Performance Breakdown through the First Half of 2021

	First Quarter	Second Quarter	First Half 2021
S&P 500	5.8%	8.2%	14.4%
Dow Jones Industrial Average	7.8%	4.6%	12.7%
Nasdaq Composite	2.8%	9.5%	12.5%
Russell 2000	12.4%	4.1%	17.0%
Russell 1000 Growth	0.7%	11.7%	12.6%
Russell 1000 Value	10.7%	4.7%	15.9%
Bloomberg Barclays US Agg Bond Index	-3.4%	1.8%	-1.6%
US Dollar	3.7%	-0.9%	2.8%
WTI Crude	21.9%	24.2%	51.4%
COMEX Gold	-9.6%	3.4%	-6.5%

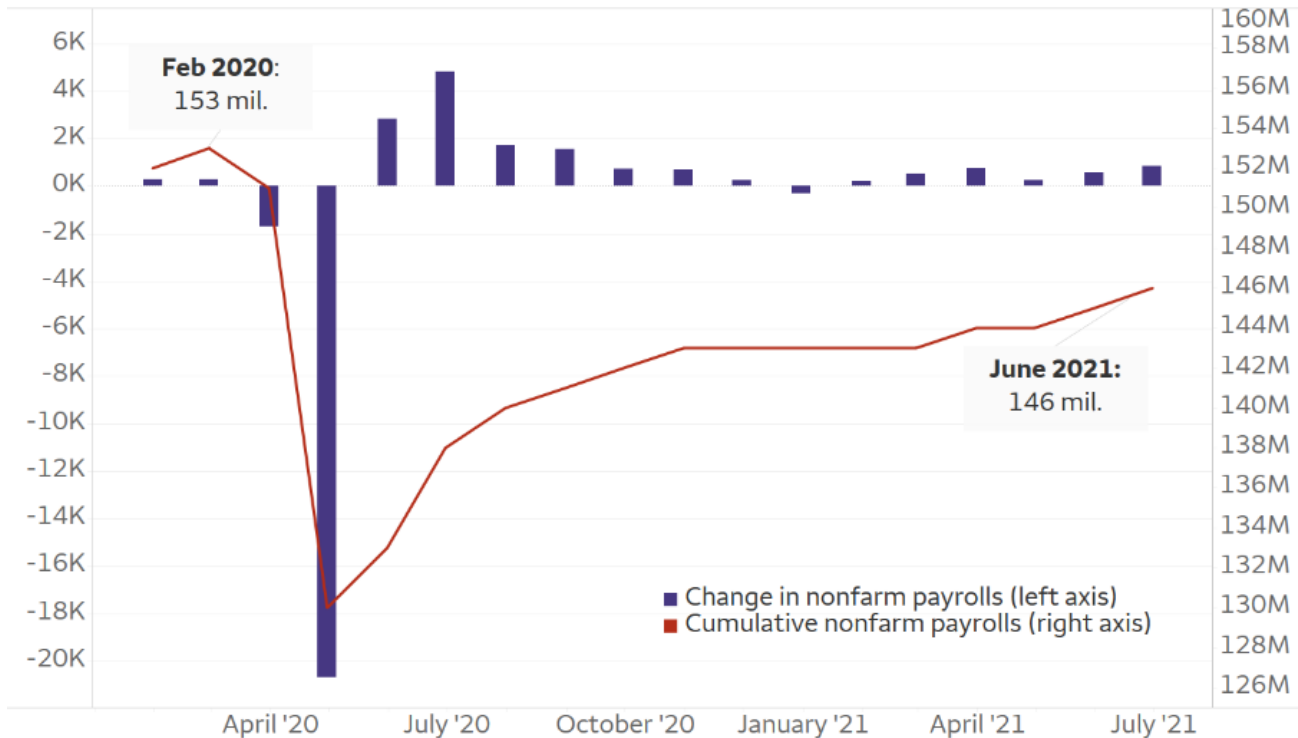
Source: Bloomberg \*As of June 30, 4:00 p.m. ET

Meanwhile, oil prices capped their best first half of a year since 2009, surging more than 50% through the midpoint of 2021 as reopening activity around the globe has provided a tailwind for near-term demand prospects. WTI crude saw its third straight monthly advance, up 10.9% in June. In other commodities, COMEX gold suffered its worst month since November 2016 (-6.9%) as the U.S. dollar climbed the most since March 2020 (+2.3% in June). Elsewhere, cryptocurrency bitcoin weathered its worst quarter since the end of 2018. In bond land, Treasuries strengthened during the second quarter, with the yield on the 10-year note closing 28 basis points lower at 1.46%. Still, bonds have largely underperformed other asset classes in 2021 as the benchmark rate has climbed more than 50 basis points year-to-date.

Key data reports helped carry upward momentum into July. The Labor Department's monthly non-farm payrolls report revealed the U.S. economy added 850,000 jobs in June, topping expectations of a 720,000 uptick and the best reading in 10 months. Still, underlying details implied that the labor market was continuing to recover, suggesting the update was

unlikely to accelerate the pace of monetary tightening by the Federal Reserve. The unemployment rate unexpectedly increased to 5.9% from May's 5.8% figure, and the labor force participation rate was stagnant as the economy remained roughly 7 million jobs below its pre-pandemic level.

## Labor Market Continues to Heal



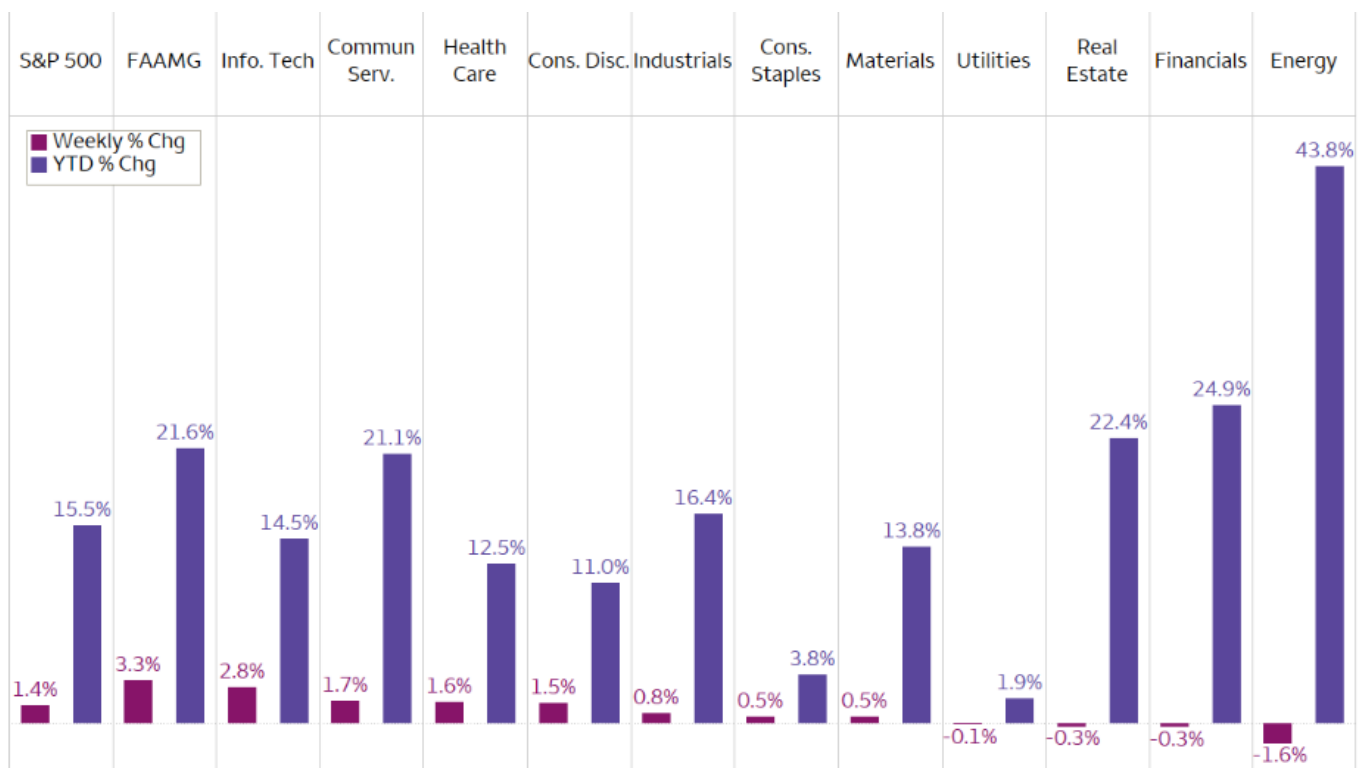
Source: Bloomberg \*As of July 2, 8:30 a.m. ET

The major averages marched higher following the report, with both the S&P 500 and the Nasdaq Composite trading at fresh record levels Friday morning. The S&P 500 headed for a seventh consecutive session in the green, its longest winning streak since August. Even the Dow was approaching a new all-time high--within 0.2% of its most recent May 7 peak as of 12:30 p.m. ET Friday. The blue chip index was set for a 0.9% weekly advance, while the S&P 500 was on track for a 1.4% gain. The tech-heavy Nasdaq Composite was poised to jump 1.6%. Treasuries were strengthening, with the yield on the 10-year note down three basis points to 1.43%, set to decline nine basis points on the week. In commodities, WTI crude was trading slightly lower, just below \$75/barrel, though still on course for its sixth straight weekly increase. Market participants continued to await a looming output decision from OPEC+, which the cartel postponed on Thursday due to an internal dispute. A preliminary agreement to gradually raise production for the remainder of 2021 had reportedly been met with opposition, with the United Arab Emirates blocking a deal in hopes of ramping up its own production faster.

Other economic releases helped buoy the mood. The closely-watched unemployment claims figure eased to a fresh pandemic low of 364,000 in the latest week. Separately, the Institute for Supply Management's (ISM) update on manufacturing activity showed the sector expanded at a solid, albeit slightly slower clip in June. However, a component of the release did reveal a measure of input prices surged to the highest level since 1979, and its gauge of employment contracted for the first time in seven months. Meanwhile, the Conference Board's survey of consumer confidence surged to a new pandemic-high in June, while pending home sales unexpectedly rebounded in May. Also in the real estate realm, S&P CoreLogic Case-Shiller's measure of national home prices spiked 14.6% year-over-year in April, its largest increase on record since 1988.

Information Technology shares continued their recent ascent this week, with the group firmly outperforming every other S&P 500 sector. Chipmakers were among the standouts. **Advanced Micro Devices** climbed double-digits, in percentage terms, boosted by news that rival **Intel** had postponed the production of one of its newest chips. **NVIDIA** rallied more than 7% on reports that its key U.K. customers publically supported its \$40 billion takeover of Britain's chip designer ARM. Also in the semiconductor space, **Skyworks Solutions** and **Qorvo** climbed amid positive Wall Street analyst commentary. However, **Micron Technology** bucked the uptrend despite better-than-expected quarterly results, as the chipmaker announced plans to sell its Utah semiconductor factory to **Texas Instruments** for \$900 million in cash. Also in the Tech sector, **IBM** lost 4.7% on news its president was stepping down. Another notable corporate leadership shake-up is occurring at **Amazon** on July 5, with Jeff Bezos officially relinquishing his position as the e-commerce giant's CEO following the February announcement. Meanwhile, fellow mega-cap company **Facebook** caught headlines this week, finishing above \$1 trillion in market cap after a federal judge dismissed two antitrust lawsuits against the social media platform.

## S&P 500 Sector Performance with FAAMG\*



Source: Bloomberg \*As of July 2, 12:30 p.m. ET \*FAAMG represented by an equal weight portfolio of Facebook, Amazon, Apple, Microsoft and Alphabet

Elsewhere, the Health Care group outperformed amid several developments in the space. **Intellia Therapeutics** surged over 85% following positive results in a preliminary trial of a gene-editing treatment for a hereditary disease developed with **Regeneron Pharmaceuticals**. **Moderna** and **Johnson & Johnson** both caught a boost after the drugmakers said their respective COVID-19 vaccines appeared to offer protection against variants of the virus. However, Germany's **CureVac** lagged after releasing disappointing results from its final COVID-19 vaccine study. Elsewhere, **Walgreens Boots Alliance** was one of the worst performing S&P 500 stocks after its implied fourth-quarter guidance fell short of expectations. Shares of **Boeing** slumped as plane manufacturer faced a duo of headwinds. The FAA said its 777X jet was unlikely to receive certification until at least mid-2023, while on Friday, one of the company's 737-MAX jets carrying cargo was forced to make an emergency landing off Honolulu's coast. Financials also trailed the tape despite several investment firms announcing dividend increases and new share repurchase programs on the heels of last week's Fed stress tests.

## Looking Ahead to Next Week: July 5-9

**Next week's domestic economic calendar is extremely light due to the holiday-shortened week.** U.S. markets are closed on Monday, July 5 in observance of Independence Day. **In central bank news, the Federal Reserve's June meeting minutes should be in focus,** with the release due Wednesday afternoon. **Highlighting the data docket will be the Institute for Supply Management's (ISM) update on U.S. services sector activity (Tuesday),** with the purchasing managers' index (PMI) reading forecasted to have eased modestly in June to 63.7 from May's record 64.0 print. A comparable gauge from research firm IHS Markit also hits the tape. Separately, the Jobs Openings and Labor Turnover Survey (JOLTS) (Wednesday) is expected to show available positions climbed to a fresh record high of 9.3 million jobs in May. Other notable economic releases include weekly unemployment claims, consumer credit and wholesale inventory data. Overseas, updates on European industrial production and services sector activity may garner attention, along with readings on consumer and producer price inflation in China. On Friday, G20 finance ministers and central bank policymakers are scheduled to gather. **The earnings slate remains quiet,** with Wall Street's biggest banks unofficially kicking off second-quarter reporting season the following week.

### Disclaimers

Ticker	Price	Ticker	Price
AMD	93.31	NTLA	171.65
INTC	56.01	REGN	574.62
NVDA	808.48	MRNA	235.11
SWKS	189.01	JNJ	165.96
QRVO	193.18	CVAC	67.85
MU	80.11	WBA	48.71
TXN	190.84	BA	239.73
IBM	146.84	FB	354.39
AMZN	3432.97		

Source: Bloomberg \*As of July 1, 2021, 4:00 p.m. ET

All investing involves risks including the possible loss of principal. Equity securities are subject to market risk which means their value may fluctuate in response to general economic and market conditions and the perception of individual issuers. Investments in equity securities are generally more volatile than other types of securities. Dividends are not guaranteed and are subject to change or elimination. Additional information available upon request. Past performance is not a guide to future performance. The material contained herein has been prepared from sources and data we believe to be reliable but we make no guarantee as to its accuracy or completeness. This material is published solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or investment product. Opinions and estimates are as of a certain date and subject to change without notice.

### Definitions

An index is unmanaged and not available for direct investment.

The S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.

The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

The Bloomberg Dollar Spot Index tracks the performance of a basket of ten leading global currencies versus the U.S. Dollar. Each currency in the basket and their weight is determined annually based on their share of international trade and FX liquidity.

## Scheduled Economic Releases for Week of July 5, 2021

### Monday, July 5

Time	Country	Release	For	Consensus	Prior
		**U.S. Markets Closed for Independence Day**			
3:50 AM	France	Markit France Services PMI	June Final		57.4
3:55 AM	Germany	Markit Germany Services PMI	June Final		58.1
4:00 AM	Eurozone	Markit Eurozone Services PMI	June Final		58.0
4:30 AM	U.K.	Markit/CIPS UK Services PMI	June Final		61.7

### Tuesday, July 6

Time	Country	Release	For	Consensus	Prior
2:00 AM	Germany	Factory Orders MoM	May		-0.20%
5:00 AM	Germany	ZEW Survey Expectations	July		79.8
5:00 AM	Germany	ZEW Survey Current Situation	July		-9.1
9:45 AM	U.S.	Markit US Services PMI	June Final		64.8
9:45 AM	U.S.	Markit US Composite PMI	June Final		63.9
10:00 AM	U.S.	ISM Services Index	June	64	64

### Wednesday, July 7

Time	Country	Release	For	Consensus	Prior
2:00 AM	Germany	Industrial Production SA MoM	May		-1.00%
5:00 AM	Eurozone	European Commission Issues Econ Forecasts			
7:00 AM	U.S.	MBA Mortgage Applications	July 2		-6.90%
10:00 AM	U.S.	JOLTS Job Openings	May	9300k	9286k
2:00 PM	U.S.	FOMC Meeting Minutes	June 16		

### Thursday, July 8

Time	Country	Release	For	Consensus	Prior
8:30 AM	U.S.	Initial Jobless Claims	July 3		
11:00 AM	U.S.	DOE U.S. Crude Oil Inventories	July 2		
11:00 AM	U.S.	DOE U.S. Gasoline Inventories	July 2		1522k
3:00 PM	U.S.	Consumer Credit	May		\$18.612b
9:30 PM	China	CPI YoY	June		1.30%
9:30 PM	China	PPI YoY	June		9.00%

### Friday, July 9

Time	Country	Release	For	Consensus	Prior
2:00 AM	U.K.	Industrial Production MoM	May		-1.30%
2:45 AM	France	Industrial Production MoM	May		-0.10%
6:00 AM	U.K.	BOE's Bailey speaks on panel with ECB's Lagarde			
10:00 AM	U.S.	Wholesale Inventories MoM	May F		1.10%
1:00 PM	U.S.	Baker Hughes U.S. Rig Count	July 9		
	Eurozone	G20 Finance Ministers and Central Bankers Meet			

Source: Bloomberg \*Data as of June 30, 2021

## Scheduled Earnings Releases for Week of July 5, 2021

### Monday, July 5

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
U.S. Markets Closed for Independence Day					

### Tuesday, July 6

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
No Scheduled Earnings Releases of Note					

### Wednesday, July 7 - Before the Open

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
MSC Industrial Direct Co Inc	MSM	\$89.73	\$1.38	\$1.40	\$847.20

### Wednesday, July 7 - After Market Close

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
WD-40 Co	WDFC	\$257.11	\$1.15	\$1.06	\$108.00

### Thursday, July 8 - Before the Open

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
Helen of Troy Ltd	HELE	\$231.53	\$2.62	\$2.39	\$432.00

### Thursday, July 8 - After Market Close

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
No Scheduled Earnings Releases of Note					

### Friday, July 9

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
No Scheduled Earnings Releases of Note					

Source: Bloomberg \*Prices as July 1, 2021, 4:00 p.m. ET

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