



In this week's Highlights, Ryan Grabinski discusses how the global economy's path is up, the election is garnering more attention, and the markets may be entering a summer lull for now.

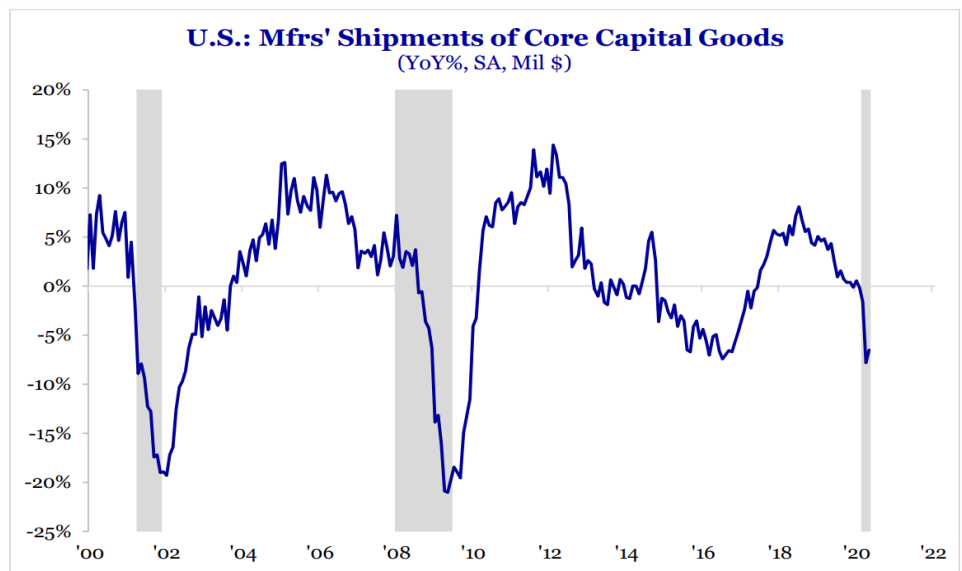


Ryan Grabinski
Equity Strategist

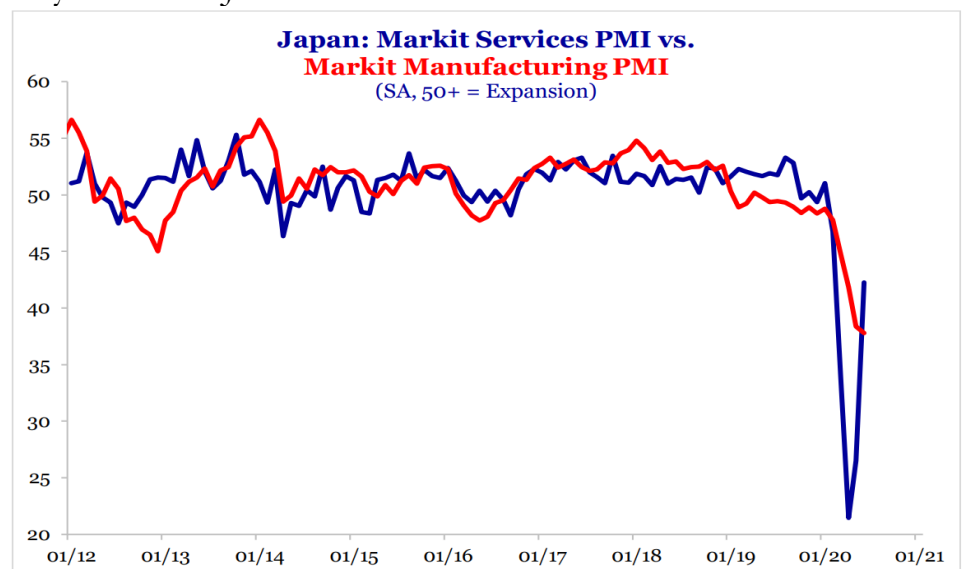
rgrabinski@strategasrp.com

Global Economy's Path Is Up

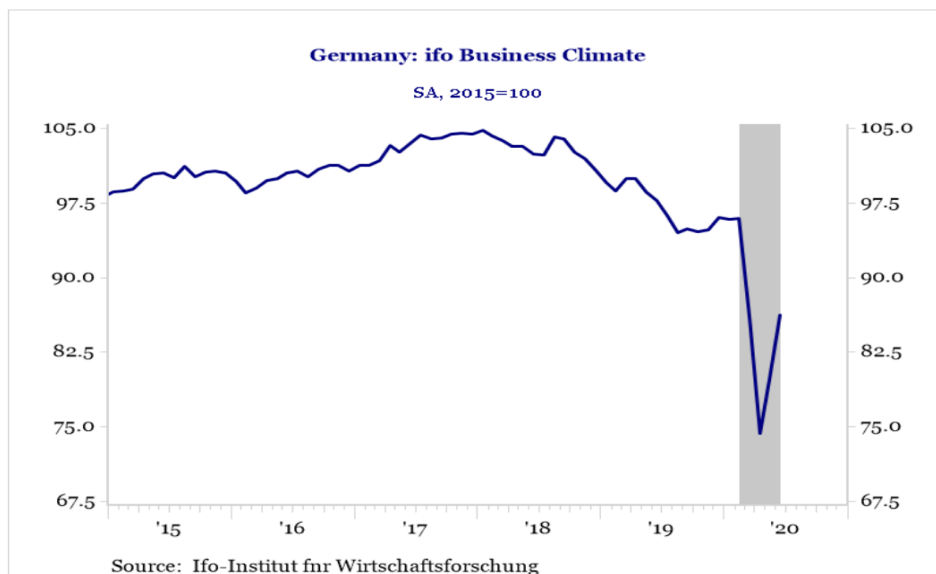
- The economy is experiencing the initial pop off rock-bottom readings. However, it will be challenging to achieve a "V"-shaped recovery to pre-crisis levels of activity in a socially distanced world.



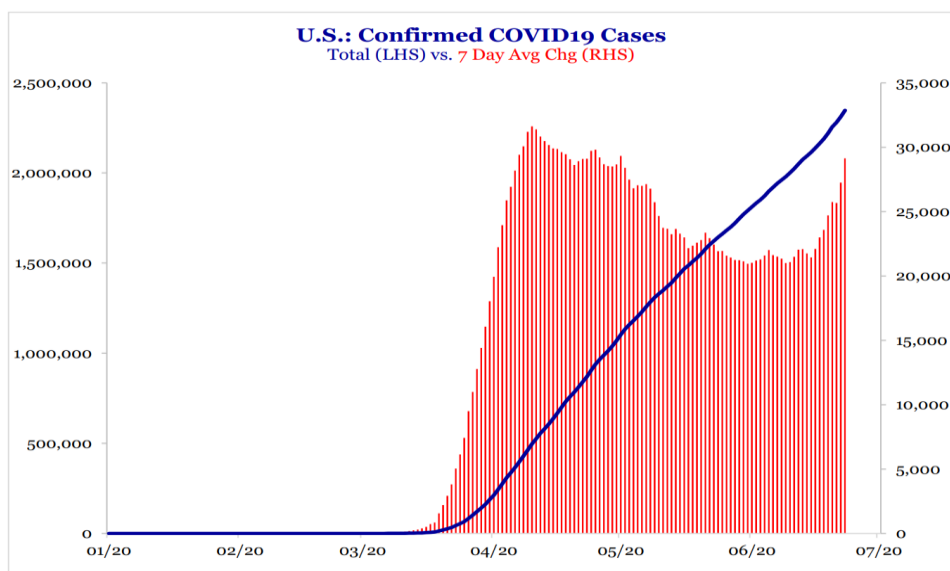
- Japan pursued a less strict approach to contain the virus within its borders, but the domestic economy still suffered. Green shoots are emerging as the Services PMI climbed from 26.5 in May to 42.3 in June.



- Germany's IFO business climate measure rose to 86.2 in June, and French business confidence also improved. These readings match the rebound in PMI measures earlier in the week.

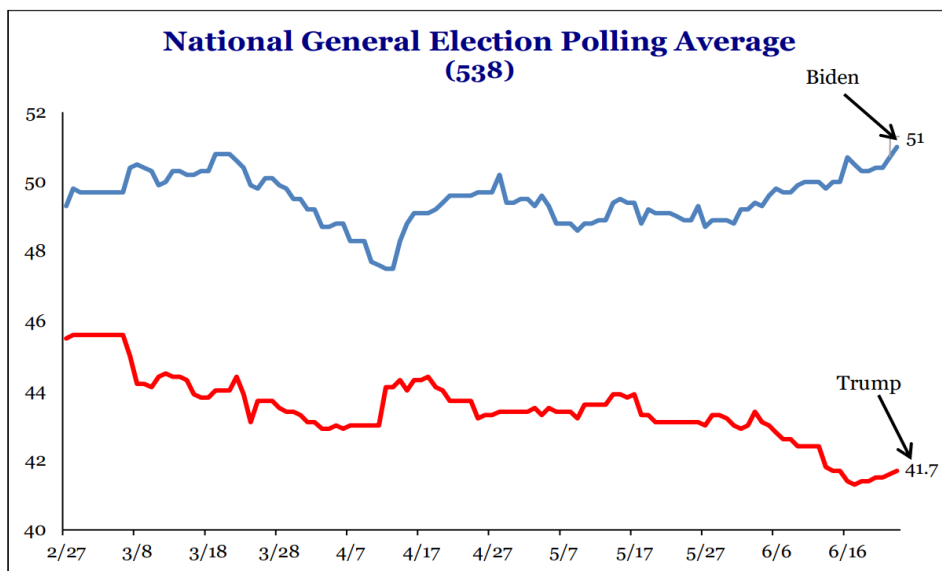


- The seven-day average of new confirmed cases is rising again. Inevitably was bound to happen with the reopening. Watching hospitalizations will also be key now as medical professionals have more experiencing treating cases.

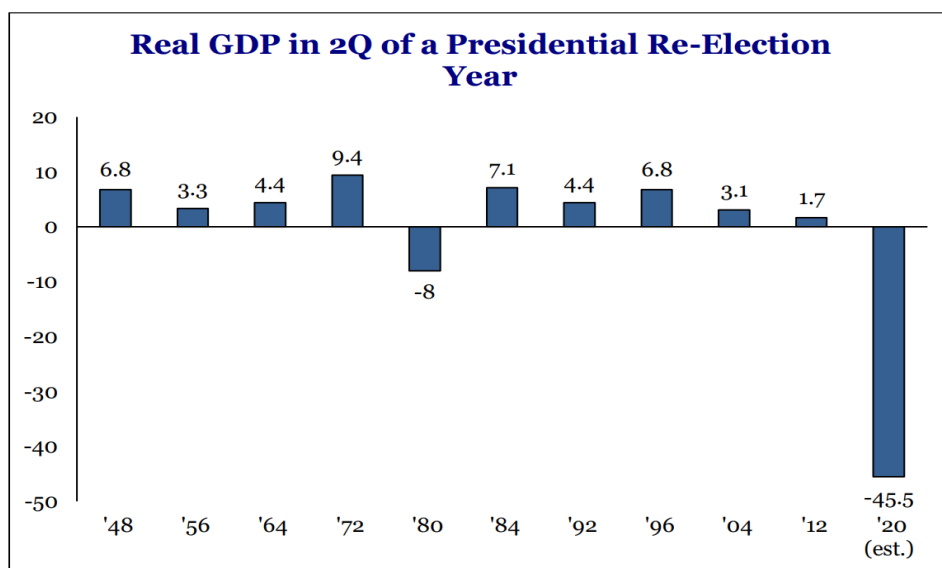


Less Than 130 Days Until The Presidential Election

- While Trump is behind Biden in the national polls, there is still a lot of time between now and the election. It's important to remember that Trump was trailing Clinton in 2016 four months before the election as well.



- We are entering uncharted territory about economic readings during Presidential re-election years. It's tough to forecast an election with a 30% decline in GDP one quarter followed by a 20% increase the next.



After A Strong Rally Off The Lows, We May Be Getting A Summer Lull

- The S&P continues to consolidate, with roughly 57% of stocks above their respective 50-day moving averages. This is more in line with an ongoing consolidation than an oversold condition.

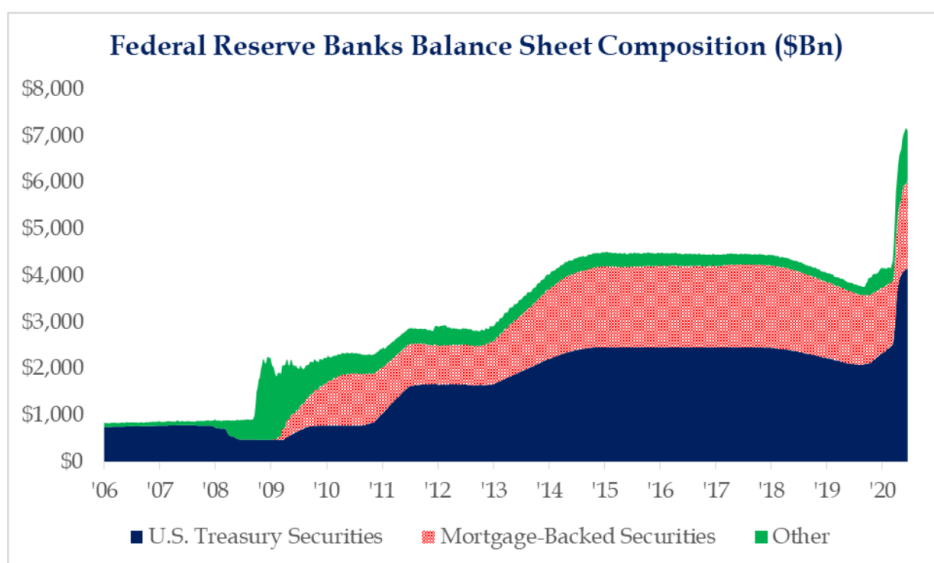


- S&P performance following the March 23rd low shows that the energy sector has been the best performer both on a cap-weighted and equally weighted basis.

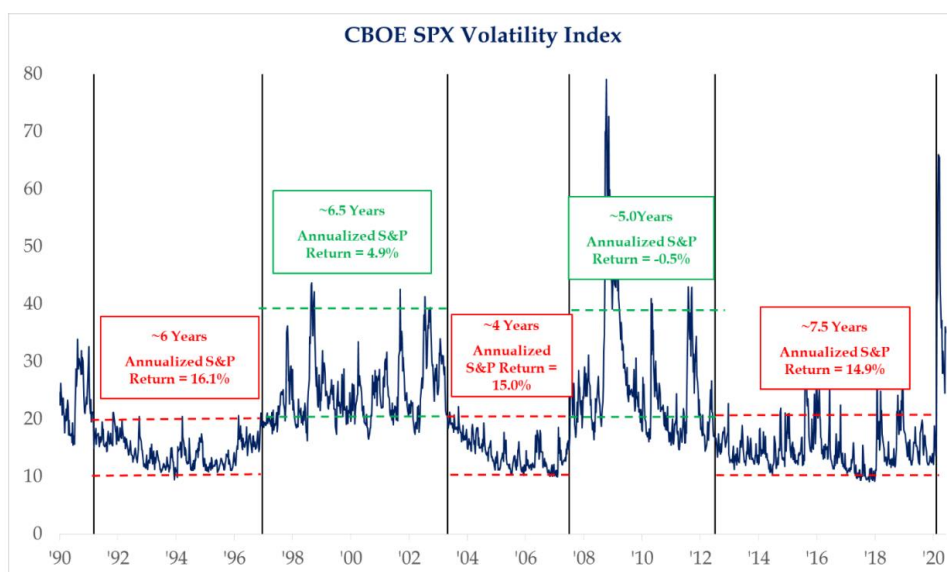
Cap Weight	
Energy	55.8%
Discretionary	45.9%
Tech	45.1%
Materials	42.2%
Industrials	36.7%
Real Estate	33.0%
Communications	31.5%
Healthcare	30.9%
Financials	30.3%
Utilities	26.0%
Staples	18.5%

Equal Weight	
Energy	63.0%
Discretionary	49.7%
Materials	42.1%
Industrials	40.5%
Financials	39.5%
Tech	38.6%
Healthcare	34.9%
Communications	33.3%
Real Estate	32.6%
Utilities	24.8%
Staples	20.9%

- While the Fed's extraordinary actions have calmed the turbulent seas of the corporate credit market, it seems reasonable to assume that continued monetary and fiscal stimulus will be necessary to forestall an inevitable reckoning for some companies who have found themselves on the wrong side of fate.



- Ultimately, what the market may be setting up for here is a sustained period of higher volatility and lower returns.



IMPORTANT DISCLOSURES

This communication was prepared by Strategas Asset Management, LLC (“we” or “us”). Recipients of this communication may not distribute it to others without our express prior consent. This communication is provided for informational purposes only and is not an offer, recommendation, or solicitation to buy or sell any security. This communication does not constitute, nor should it be regarded as investment research or a research report or securities recommendation, and it does not provide information reasonably sufficient upon which to base an investment decision. This is not a complete analysis of every material fact regarding any company, industry or security. Additional analysis would be required to make an investment decision. This communication is not based on the investment objectives, strategies, goals, financial circumstances, needs or risk tolerance of any particular client and is not presented as suitable to any other particular client.

For investors subject to MiFID II (European Directive 2014/65/EU and related Delegated Directives): We classify the intended recipients of this communication as “professional clients” or “eligible counterparties” with the meaning of MiFID II and the rules of the U.K. Financial Conduct Authority. The contents of this report are not provided on an independent basis and are not “investment advice” or “personal recommendations” within the meaning of MiFID II and the rules of the U.K. Financial Conduct Authority.

The information in this communication has been obtained from sources we consider to be reliable, but we cannot guarantee its accuracy. The information is current only as of the date of this communication, and we do not undertake to update or revise such information following such date. To the extent that any securities or their issuers are included in this communication, we do not undertake to provide any information about such securities or their issuers in the future. We do not follow, cover, or provide any fundamental or technical analyses, investment ratings, price targets, financial models or other guidance on any particular securities or companies. Further, to the extent that any securities or their issuers are included in this communication, each person responsible for the content included in this communication certifies that any views expressed with respect to such securities or their issuers accurately reflect his or her personal views about the same and that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this communication. This communication is provided on a “where is, as is” basis, and we expressly disclaim any liability for any losses or other consequences of any person’s use of or reliance on the information contained in this communication.

Strategas Asset Management, LLC is an SEC-registered investment adviser and is affiliated with Strategas Securities, LLC, registered broker-dealer and FINRA member firm, as well as an SEC-registered investment adviser. Both are affiliated with Robert W. Baird & Co. Incorporated (“Baird”), a broker-dealer and FINRA member firm, although the firms conduct separate and distinct businesses. A complete listing of all applicable disclosures pertaining to Baird with respect to any individual companies mentioned in this communication can be accessed at <http://www.rwbaird.com/research-insights/research/coverage/third-party-research-disclosures.aspx>. You can also call 1-800-792-2473 or write: Robert W. Baird & Co., PWM Research & Analytics, 777 E. Wisconsin Avenue, Milwaukee, WI 53202.

Past performance is not a guarantee of future results.