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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"The aim of argument, or of discussion, should not be victory, but progress." Joseph Joubert

MARKETS

Macro Recap: It was a light, holiday-shortened, week of economic news. U.S. retail sales underperformed in May, barely increasing from the previous month. Sales rose by 0.1% in May after a 0.2% decline in April, compared to increases of 0.6% in March and 0.9% in February.

High mortgage rates continue to impact the U.S. housing market, with sales of previously owned homes declining for the third consecutive month. According to the National Association of Realtors, sales of existing homes fell by 0.7% in May, reaching a seasonally adjusted annual rate of 4.11 million.

Equity Recap: The S&P 500 and NASDAQ edged higher to new record levels, posting fractional gains and marking their eighth positive week in the past nine. The Dow rose by over 1% but remains more than 2% below its record high set a month ago.

As we approach the midpoint of 2024, the U.S. stock market's top-performing sectors are the same as those that led in 2023. Year-to-date, information technology has achieved an average return of nearly 29%, followed by communication services at 25%. In 2023, information technology posted an average return of about 58%, while communication services returned 56%.

Bond/Rate Recap: Treasury yields rose across the curve. The 2-year note yield increased by five basis points for the week, settling at 4.73%. Similarly, the 10-year note yield also climbed by five basis points, ending the week at 4.26%.

Week Ahead: A report set for release on Friday might clarify some of the recent uncertainty about inflation's direction. The core Personal Consumption Expenditures (PCE) Price Index, which the U.S. Federal Reserve prefers for tracking inflation, showed annual rates of 2.5% in January and February, increasing to 2.7% in March and April. The PCE Core Deflator is expected to have increased by 2.6% (YoY) in May.

INDICES

	June 21 Close	June 17 Open	Weekly Change	Dec 31 2023	YTD Change
DJIA	39,150	38,589	1.5%	37,690	3.9%
S&P 500	5,465	5,432	0.6%	4,770	14.6%
NASDAQ	17,689	17,689	0.0%	15,011	17.8%
Russell 2000	2,022	2,006	0.8%	2,027	-0.2%
KBW Bank Indx	101.9	100.3	1.6%	96.0	6.1%
VIX	13.8	12.7	9.2%	12.5	11.1%
Oil (WTI	$80.57	$78.45	2.7%	$72.57	11.0%
Prime	8.50	8.50	0.00	8.50	0.00
Effective Fed Funds	5.33	5.33	0.00	5.32	0.01
3m Tbill	5.35	5.38	-0.02	5.33	0.02
2yr UST	4.74	4.70	0.03	4.25	0.49
10yr UST	4.26	4.22	0.04	3.88	0.38
2-10yr UST Spread	-48	-49	1	-37	-11
2y AAA Muni/10y UST	65.7%	66.0%	-0.4%	58.9%	6.8%
10y AAA Muni/10y UST	66.2%	66.9%	-0.6%	58.5%	7.7%
5yr Inflation Rate	2.21	2.13	0.07	2.15	0.05

Week Ahead

- **Monday:** No major reports
- **Tuesday:** S&P Case-Shiller Home Price Index, Consumer Confidence
- **Wednesday:** New Home Sales
- **Thursday:** 1st Q GDP(3rd est), Pending Home Sales, Dur Goods
- **Friday:** PCE, UofM Consumer Sentiment

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