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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"What you do makes a difference, and you have to decide what kind of difference you want to make." Dr Jane Goodall

MARKETS

Macro Recap: Friday's inflation report and the presidential debate, which introduced new uncertainty into the presidential election, dominated the week's headlines.

On Friday the U.S. Federal Reserve's preferred inflation gauge showed signs of a soft landing, moving closer to the Fed's long-term inflation target of around 2.0%. Excluding energy and food prices, the core PCE Index rose at an annual rate of 2.6% in May, the slowest price growth in over three years. Additionally, personal income and personal spending saw gains.

However, there were some negative indicators. The Conference Board's June Consumer Confidence Index dropped to 100.4 from 101.3 in May as future income expectations weakened. May's new home sales fell to 619K (-11.3 % month over month), below the survey of 650K, indicating that higher mortgage rates and elevated prices continue to pressure new home sales. Moreover, continuing jobless claims reached their highest level since November 2021.

Equity Recap: The S&P 500 saw a slight weekly decline, while the NASDAQ edged up, with both indexes staying close to record-high levels in a calm trading week. Meanwhile, the Dow dropped, remaining roughly 2% below its record set six weeks earlier.

The first half of 2024 yielded uneven results in the U.S. equity market. NVIDIA alone contributed about 30% of the S&P 500's overall total return. Additionally, five tech-oriented stocks accounted for more than half of the index's year-to-date total return.

Bond/Rate Recap: Treasury yields rose across the curve. The 2-year note yield increased by one basis point for the week, settling at 4.75%. The 10-year note yield climbed by 14 basis points, ending the week at 4.40%.

Week Ahead: A monthly labor market report, set to be released on Friday, will reveal if May's surge in job growth was an anomaly or the beginning of a trend. In May, the economy added a better-than-expected 272,000 jobs, up from 165,000 in April. Additionally, May's wage growth also surpassed expectations.

INDICES

	June 28 Close	June 24 Open	Weekly Change	Dec 31 2023	YTD Change
DJIA	39,119	39,150	-0.1%	37,690	3.8%
S&P 500	5,460	5,465	-0.1%	4,770	14.5%
NASDAQ	17,733	17,689	0.2%	15,011	18.1%
Russell 2000	2,048	2,022	1.3%	2,027	1.0%
KBW Bank Indx	104.5	101.9	2.5%	96.0	8.8%
VIX	12.4	13.8	-10.1%	12.5	-0.1%
Oil (WTI	$81.48	$80.57	1.1%	$72.57	12.3%
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	5.35	0.00	5.33	0.02
2yr UST	4.75	4.74	0.02	4.25	0.50
10yr UST	4.40	4.26	0.13	3.88	0.52
2-10yr UST Spread	-36	-48	12	-37	1
2y AAA Muni/10y UST	66.2%	65.7%	0.5%	58.9%	7.3%
10y AAA Muni/10y UST	65.4%	66.2%	-0.9%	58.5%	6.9%
5yr Inflation Rate	2.28	2.21	0.07	2.15	0.12

Week Ahead

- **Monday:** ISM manufacturing index, construction spending
- **Tuesday:** JOLTS
- **Wednesday:** ADP employment, ISM nonmanufacturing, factory orders
- **Thursday:** Independence Day holiday, U.S. financial markets closed
- **Friday:** Jobs and unemployment

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