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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"I need to listen well, so that I hear what is not said." Thulisile N Madonsela

MARKETS

Macro Recap: All eyes were on the June jobs report and the ongoing concerns about the presidential debate and its potential political repercussions. June saw a gain of 206,000 jobs, surpassing economists' forecast of around 190,000, but the unemployment rate rose to 4.1%, the highest since November 2021. Additionally, April's and May's job growth figures were revised downward by a total of 111,000, suggesting a modest slowdown in job growth.

Oil prices climbed for the fourth consecutive week to their highest level in over two months, with U.S. crude trading above $83 per barrel on Friday afternoon. This increase came after a weekly report showed a decline in U.S. oil inventory, confirming analysts' predictions of tight supplies throughout the summer.

Meanwhile, the price of the most widely traded cryptocurrency continued to decline, with Bitcoin falling below $54,000 on Friday, its lowest level in more than four months. Just in June, Bitcoin was trading above $71,000.

Equity Recap: The NASDAQ and the S&P 500 reached new record levels, achieving weekly total returns of 3.5% and 2.0%, respectively. For the NASDAQ, this marked its tenth positive week out of the past eleven. The Dow gained 0.7%, remaining 1.6% below its record set in mid-May.

In the second quarter, S&P 500 companies modestly increased their dividend payments, with a few large-cap stocks initiating dividends for the first time. Companies in the S&P 500 paid out $153.4 billion in dividends, up over 1% from $151.6 billion in the first quarter.

Bond/Rate Recap: Friday's jobs report seemed to boost expectations for a potential U.S. Federal Reserve rate cut later this year, leading to a decline in government bond yields. The yield on the 10-year U.S. Treasury fell to about 4.28% at Friday's close, down from 4.37% at the end of the previous week. Yields on 2- and 30-year notes also decreased. Additionally, Fed funds futures now project a full 25 basis point cut before the November election and another 25 basis point cut before the end of the year.

Week Ahead: The June CPI report, scheduled for Thursday, will indicate whether May's stable inflation trend continued into June. The May CPI report revealed an annual rate of 3.3%, which was better than the economists' consensus forecast of 3.4% but unchanged from the previous month's figure.

INDICES

	July 5 Close	July 1 Open	Weekly Change	Dec 31 2023	YTD Change
DJIA	39,376	39,119	0.7%	37,690	4.5%
S&P 500	5,567	5,460	2.0%	4,770	16.7%
NASDAQ	18,353	17,733	3.5%	15,011	22.3%
Russell 2000	2,027	2,048	-1.0%	2,027	0.0%
KBW Bank Indx	104.3	104.5	-0.2%	96.0	8.6%
VIX	12.5	12.4	0.3%	12.5	0.2%
Oil (WTI	$83.16	$81.48	2.1%	$72.57	14.6%
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	5.37	5.35	0.02	5.33	0.04
2yr UST	4.60	4.75	-0.15	4.25	0.35
10yr UST	4.28	4.40	-0.12	3.88	0.40
2-10yr UST Spread	-33	-36	3	-37	4
2y AAA Muni/10y UST	67.9%	66.2%	1.7%	58.9%	9.0%
10y AAA Muni/10y UST	66.9%	65.4%	1.6%	58.5%	8.5%
5yr Inflation Rate	2.23	2.28	-0.05	2.15	0.08

Week Ahead

- **Monday:** Consumer credit
- **Tuesday:** Small business optimism index
- **Wednesday:** Wholesale inventories
- **Thursday:** CPI, Weekly unemployment, Federal budget
- **Friday:** PPI, U of M Cons Sent

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