

Weekly Market Update



Equity markets recorded another week of gains as investors embraced Fed Chair Powell's speech at Jackson Hole. Powell acknowledged that "the time has come for policy to adjust," which was broadly recognized as the beginning of a Fed pivot toward policy rate cuts starting in September. Earnings growth for the second quarter will likely end around 11%, and nearly 80% of companies reported a positive earnings surprise. Market leadership shifted last week, providing further evidence of a broadening in market performance as small-cap stocks outperformed their large and mid-sized peers. Value stocks outpaced their value counterparts with notable outperformance in the real estate and materials sectors. Nearly all sectors delivered gains for the week, with energy as the only outlier recording a small loss. Some industry reports have noted softer demand for oil. Developed foreign stocks benefited from a weaker U.S. dollar and outperformed, whereas emerging market stocks delivered a small gain but lagged domestic equities.

Bond yields continued their trend lower last week as Powell noted inflation is on a sustainable path back to 2%, while the downside risks to employment have increased. The 10-year Treasury ended the week lower at 3.81%, while the 2-year fell nearly 40 bps to 3.90%. Long-duration bonds outperformed short-duration across the board, with long-duration high-yield bonds being the best-performing segment. Investment grade corporate bond yields and high yield ended the week lower at 4.87% and 7.56%, respectively.

Economic data was mixed for the week but largely overshadowed by the Fed's annual economic symposium in Jackson Hole, Wyoming. Powell laid the foundation for a pivot in policy but warned that "We do not seek or welcome further cooling in labor market conditions," which indicates that the magnitude of rate cuts will largely depend on the durability of the labor market. Prior to Jackson Hole, the July FOMC Meeting Minutes were released and revealed that despite a consensus vote to hold policy rates steady, there was consideration for a rate cut in July. Initial jobless claims were slightly higher than expected, but the bigger surprise was a downward revision in the nonfarm payrolls, which showed 818,000 fewer jobs in the last 12 months as of March 2024. Housing data came in better than expected, with an increase in existing housing sales to an annual rate of 3.95 million, and new home sales surged by more than 10% to an annual rate of 739,000 homes in July 2024. Other notable data included flash PMI reports from S&P that showed a divergence between Manufacturing (down to 48.0) and Services (increased to 55.2).

Market Data as of Week Ending: 8/23/2024 unless noted otherwise

U.S. Equity Returns (Size & Style - Russell)

| | Week | | | MTD | | | QTD | | | YTD | | |
|-------|-------|-------|--------|--------|--------|--------|-------|-------|--------|--------|--------|--------|
| | Value | Core | Growth | Value | Core | Growth | Value | Core | Growth | Value | Core | Growth |
| Large | 1.92% | 1.57% | 1.25% | 1.35% | 2.10% | 2.79% | 6.53% | 3.58% | 1.04% | 13.59% | 18.33% | 21.95% |
| Mid | 2.59% | 2.43% | 1.93% | 1.23% | 1.68% | 3.16% | 7.34% | 6.47% | 3.78% | 12.22% | 11.75% | 9.98% |
| Small | 3.79% | 3.62% | 3.45% | -1.97% | -1.48% | -0.98% | 9.97% | 8.53% | 7.12% | 9.04% | 10.41% | 11.88% |

U.S. Fixed Income Returns (Quality & Duration - Bloomberg)

| | Week | | | MTD | | | QTD | | | YTD | | |
|------|-------|--------|-------|-------|--------|-------|-------|--------|-------|-------|--------|-------|
| | Short | Interm | Long | Short | Interm | Long | Short | Interm | Long | Short | Interm | Long |
| Govt | 0.40% | 0.48% | 0.95% | 1.06% | 1.29% | 3.74% | 2.58% | 3.14% | 7.44% | 3.33% | 3.38% | 2.08% |
| Corp | 0.47% | 0.60% | 1.06% | 1.12% | 1.50% | 3.54% | 2.70% | 3.52% | 6.82% | 4.30% | 4.56% | 3.19% |
| HY | 0.61% | 0.70% | 1.27% | 1.25% | 1.39% | 3.41% | 3.03% | 3.34% | 6.54% | 5.91% | 6.08% | 5.51% |

Index Returns

| | Week | MTD | QTD | YTD |
|--------------------------|-------|--------|--------|--------|
| Equities (Stocks) | | | | |
| S&P 500 | 1.47% | 2.15% | 3.39% | 19.20% |
| S&P MidCap 400 | 2.86% | 0.05% | 5.86% | 12.39% |
| Russell 2000 | 3.62% | -1.48% | 8.53% | 10.41% |
| MSCI EAFE | 2.76% | 2.63% | 5.64% | 11.28% |
| MSCI Emerging Markets | 0.70% | 1.67% | 1.97% | 9.60% |
| MSCI EAFE Small Cap | 2.92% | 1.61% | 7.41% | 7.95% |
| Fixed Income (Bonds) | | | | |
| Bloomberg Int Gov/Credit | 0.52% | 1.36% | 3.26% | 3.76% |
| Bloomberg US Agg | 0.67% | 1.96% | 4.34% | 3.60% |
| Bloomberg US High Yield | 0.71% | 1.42% | 3.40% | 6.07% |
| Other | | | | |
| Bloomberg Commodity | 0.88% | 0.34% | -3.71% | 1.24% |
| S&P Dev Property | 3.41% | 5.21% | 11.82% | 8.54% |

S&P 500 Sector Returns

| | Week | MTD | QTD | YTD |
|--------------------|--------|--------|--------|--------|
| Consumer Disc | 2.10% | -0.81% | 0.84% | 6.55% |
| Consumer Staples | 1.64% | 5.08% | 7.11% | 16.72% |
| Energy | -0.28% | -2.69% | -0.64% | 10.22% |
| Financials | 1.55% | 1.51% | 8.07% | 19.06% |
| Health Care | 1.73% | 3.95% | 6.71% | 15.04% |
| Industrials | 1.82% | 1.13% | 6.08% | 14.31% |
| Info Technology | 1.08% | 2.77% | 0.63% | 29.05% |
| Materials | 2.39% | 0.71% | 5.13% | 9.38% |
| Real Estate | 3.68% | 5.41% | 13.01% | 10.25% |
| Communication Svcs | 1.21% | 1.94% | -2.14% | 23.97% |
| Utilities | 1.29% | 3.65% | 10.69% | 21.13% |

Bond Yields

| | 8/23/24 | 7/31/24 | 6/30/24 | 12/31/23 |
|---------------|---------|---------|---------|----------|
| 3Mo Libor | 5.34% | 5.50% | 5.59% | 5.59% |
| SOFR 3Mo Swap | 5.06% | 5.24% | 5.32% | 5.33% |
| 2Yr Treasury | 3.90% | 4.29% | 4.71% | 4.23% |
| 10Yr Treasury | 3.81% | 4.09% | 4.36% | 3.88% |
| 2-10 Slope | -0.09% | -0.20% | -0.35% | -0.35% |

Commodities and Currency

| | 8/23/24 | 7/31/24 | 6/30/24 | 12/31/23 |
|-----------------|---------|---------|---------|----------|
| Oil (\$/barrel) | 75.84 | 77.91 | 81.54 | 71.65 |
| Gold (\$/oz.) | 2512.59 | 2447.6 | 2326.75 | 2062.98 |

Past performance is not a guarantee of future results. We believe the information presented is reliable, but we do not guarantee its accuracy.