



WEEK OF JULY 1, 2024

# Market Update

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Nike (NKE) was the story of the week: it was down more than 20 percent, as it missed sales estimates. The back end of the yield curve sold off again as investors question what the recent economic slowdown means for longer-term growth.

## Quick Hits

- 1. Report releases:** Personal spending increased for the 14th consecutive month in May.
- 2. Financial market data:** Nike (NKE) stock was down by more than 20 percent, as it missed sales estimates.
- 3. Looking ahead:** We expect many releases this week, despite the holiday, including the Federal Open Market Committee (FOMC) Minutes and the Employment Report.

## Report Releases: June 24–28, 2024

**Conference Board Consumer Confidence**  
June  
(Tuesday)

Consumer confidence fell modestly in June due to worsening consumer expectations for future conditions.

- Expected/prior month consumer confidence: 100.0/101.3
- Actual consumer confidence: 100.4



**Fed Region-Specific Manufacturing and Services Data**  
June

Texas factory activity was flat in June. Manufacturing conditions inched up to 0.7% from -2.8% in May. The Philadelphia Non-Manufacturing survey showed an increase from 7.3% in May to 15.1% in June. Richmond showed decline in its manufacturing index from 0 in May to -10% in June.



**Durable Goods Orders**  
May  
(Thursday)

Surprisingly, durable goods orders increased in May, though core orders were down.

- Expected/prior month durable goods orders: -0.5%/+0.2%
- Actual durable goods orders: +0.1%



**Personal Income and Spending Report**  
May  
(Friday)

Personal income and spending growth both accelerated in May. This marks 14 consecutive months with positive spending growth.

- Expected/prior personal income monthly change: +0.4%/+0.3%
- Actual personal income change: +0.5%
- Expected/prior personal spending monthly change: +0.3%/+0.1%
- Actual personal spending change: +0.2%



### >> The Takeaway

- Data came in mixed, as consumer confidence came in higher than expected, but personal spending missed expectations.
- Durable goods orders beat expectations, but core orders declined.

## Financial Market Data

### Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	-0.06%	3.59%	15.29%	26.67%
Nasdaq Composite	0.26%	6.03%	18.57%	31.49%
DJIA	-0.08%	1.23%	4.79%	17.92%
MSCI EAFE	0.36%	-1.61%	5.34%	12.53%
MSCI Emerging Markets	0.06%	3.94%	7.49%	12.40%
Russell 2000	1.33%	-0.93%	1.73%	11.90%

Source: Bloomberg, as of June 28, 2024

Despite a relatively tepid week in equities there were some larger moves below the surface. Nike (NKE) and Walgreens were both down by more than 20 percent. Nike reported a sales miss, as increased competition and China remain pain points. Both Nike and Walgreens Boots Alliance (WBA) cut guidance. Rivian (RIVN) was up 30 percent on the week, as Volkswagen announced it would invest up to \$5 billion in the EV startup. Cruise lines, software, regional banks, and trucking also caught a bounce, as these industries have been under pressure lately on fears of higher for longer rates from the Federal Reserve (Fed).

### Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	0.95%	-0.71%	2.13%
U.S. Treasury	1.01%	-0.86%	1.00%
U.S. Mortgages	1.63%	-0.98%	1.39%
Municipal Bond	1.53%	-0.40%	3.06%

Source: Bloomberg, as of June 28, 2024

The yield curve saw modest moves higher on the back end of the curve. The U.S. 10-year yield rose 9 basis points (bps) to close the week at 4.34. The 30-year closed the week at 4.50, up 10 bps on the week. The Core Personal Consumption Expenditure (PCE) Price Index or Core PCE coming in as expected did little to surprise investors and leads to a likely September rate cut.

### >> The Takeaway

- Nvidia was down more than 2 percent again this week, though the broader Nasdaq Index finished positive.
- Long Treasuries sold off yet again, as the U.S. economy and inflation gradually slow.

## Looking Ahead

Despite the July 4th holiday, we expect to see many data releases this week. Highlights will include Institute for Supply Management (ISM) data, the International Trade Balance, FOMC Meeting Minutes from June, and the Employment Report for June.

- The week kicks off on Monday with the release of the **ISM Manufacturing Survey** for June. We expect to see manufacturer confidence improve modestly, after falling by more than expected in May. On Wednesday we expect the release of the ISM Services survey for June. Service sector confidence is expected to fall in June after improving by more than expected in May.
- Wednesday will also see the release of the **International Trade Balance** for May and the **FOMC Meeting Minutes** for June. The trade deficit is set to increase in May due in part to a widening trade gap in the trade of goods during the month. The minutes from the Fed's most recent FOMC meeting are set to be released on Wednesday as well, which will give economists and investors further insight into the Fed's deliberations at this meeting.
- Finally, Friday will wrap with the **Employment Report** for June. Hiring is expected to slow after surging past expectations in May. Slowing job growth would likely be seen by markets and the Fed as a positive development, if estimates hold.





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companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent. The Core Personal Consumption Expenditure (PCE) Price Index measures the changes in the price of goods and services purchased by consumers for the purpose of consumption, excluding food and energy.

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