



WEEK OF JULY 8, 2024

Market Update

Tesla was the story of last week; it rose more than 27 percent after second-quarter delivery estimates were better than expected. Treasuries rallied slightly after minutes from the most recent Federal Reserve (Fed) meeting noted progress on inflation, indicating a rate cut could be in the not-too-distant future.

Quick Hits

- 1. Report releases:** The Fed reiterated its data dependence in minutes from its most recent meeting.
- 2. Financial market data:** Tesla fueled the rally in mega-cap names on better-than-expected second-quarter deliveries.
- 3. Looking ahead:** The focus this week will be on inflation; consumer and producer price data for June is expected to be released.

Report Releases: July 1–5, 2024

ISM Manufacturing Index June (Monday)

The ISM Manufacturing index was weaker than expected, marking the third consecutive month of declines and the 19th decline in the past 20 months.

- Expected/prior month ISM Manufacturing index: 49.1/48.7
- Actual ISM Manufacturing index: 48.5



International Trade Balance May (Wednesday)

The international trade deficit increased 0.8 percent to \$75.1 billion. Exports fell 0.7 percent, leading the expansion of the deficit.



Federal Open Market Committee (FOMC) Meeting Minutes June (Wednesday)

In minutes from the FOMC's June meeting, the Fed acknowledged recent progress on inflation and stressed that it will remain data dependent as it tries to balance the evolving economic outlook and risks. Fed Chair Jerome Powell echoed this in recent commentary, suggesting that the central bank wants to see additional inflation data before adding to the confidence for a cut.



Employment Report June (Friday)

The employment report for June was slightly higher than expected, beating estimates of 200,000 jobs added by 6,000. Hourly wages fell 0.2 percent to 3.9 percent year-over-year, in line with expectations. The unemployment rate ticked up to 4.1 percent.

- Expected/prior month jobs added: 200,000/218,000
- Actual jobs added: 206,000



>> The Takeaway

- Manufacturing confidence remains subdued, and exports fell 0.7 percent in May.
- The June employment report was in line with expectations; the Fed remains data dependent as it moves toward a potential interest rate cut in early fall.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	1.98%	1.98%	17.57%	27.10%
Nasdaq Composite	3.51%	3.51%	22.73%	34.10%
DJIA	0.69%	0.69%	5.52%	17.20%
MSCI EAFE	2.16%	2.16%	7.62%	14.51%
MSCI Emerging Markets	1.92%	1.92%	9.55%	13.25%
Russell 2000	-1.01%	-1.01%	0.71%	9.86%

Source: Bloomberg, as of July 5, 2024

Large-cap equities rallied in the holiday-shortened week. The Nasdaq led the way, rising for the fifth consecutive week. Tesla increased more than 27 percent as the company's second-quarter deliveries were better than expected. Tesla deliveries fell 4.8 percent in the second quarter, but that represented a quarter-over-quarter rebound of 14.8 percent.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	0.71%	0.00%	3.99%
U.S. Treasury	0.59%	-0.28%	2.73%
U.S. Mortgages	0.73%	-0.25%	3.59%
Municipal Bond	0.06%	-0.34%	3.25%

Source: Bloomberg, as of July 5, 2024

Treasuries also rallied on the potential for future rate cuts. The 10-year yield fell 7 basis points (bps), closing at 4.27 percent. The rally in 30-year Treasuries was a bit more muted; yields fell just 3 bps, closing at 4.47 percent.

>> The Takeaway

- Tesla fueled the rally in mega-cap names on better-than-expected second-quarter deliveries.
- Treasuries rallied on the back of Fed minutes and the belief that we may be closer to an interest rate cut in September.

Looking Ahead

- The week kicks off Monday with the release of **consumer credit data** for May. Consumer credit, which can be volatile month-over-month, is expected to increase from \$6.4 billion in April to \$8 billion.
- On Tuesday, we anticipate the release of the **National Federation of Independent Business (NFIB) Small Business Optimism Index** for June. The index reached its lowest level since 2012 in March, falling to 88.5 before improving to 90.5 in May. It's expected to decline slightly to 90.3.
- Thursday will be the highlight of the week with the release of the **CPI** for June. It's expected to decline to 3.1 percent year-over-year, down from 3.3 percent in May. Core CPI, which excludes food and energy, is expected to remain flat at 3.4 percent year-over-year.
- Finally, on Friday, we expect the **PPI** for June. It's expected to rise 0.1 percent month-over-month after dipping 0.2 percent in May.





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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.

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