



Wichita, Kansas

WEEK OF JUNE 24, 2024

Market Update

Nvidia was down last week despite a strong rally in which it briefly became the largest stock by market capitalization. Its move lower dragged growth and technology stocks down. Treasuries sold off in unison across the curve.

Quick Hits

- 1. Report releases:** Housing starts and existing home sales slowed in May, signaling a cooling housing market.
- 2. Financial market data:** Nvidia fell, dragging growth stocks with it.
- 3. Looking ahead:** This week will focus on consumer confidence and business sentiment.

Report Releases: June 17–21, 2024

Retail Sales May (Tuesday)

Retail sales came in below economist estimates after falling modestly in April.

- Expected/prior month retail sales monthly change: +0.3%/–0.2%
- Actual retail sales monthly change: +0.1%



Industrial Production May (Tuesday)

Industrial production surged, driven by rising manufacturing production and capacity utilization.

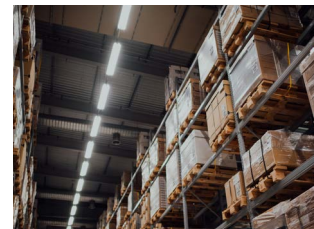
- Expected/prior month production change: +0.3%/+0%
- Actual production change: +0.9%



National Association of Home Builders Housing Market Index June (Wednesday)

Home builder sentiment fell to its lowest point this year as high mortgage rates and prices weighed on prospective homebuyers.

- Expected/prior month sentiment: 46/45
- Actual sentiment: 43



Existing Home Sales May (Friday)

The pace of existing home sales slowed, marking three consecutive months with slowing sales growth.

- Expected/prior month existing home sales change: –1%/–1.9%
- Actual existing home sales change: –0.7%



>> The Takeaway

- Data was mixed last week, with softer retail sales and strong manufacturing production.
- The housing market also saw mixed data, with June sentiment turning sour but home sales faring better than expected.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	0.63%	3.65%	15.36%	27.08%
Nasdaq Composite	0.01%	5.76%	18.26%	32.02%
DJIA	1.50%	1.31%	4.87%	17.68%
MSCI EAFE	0.07%	-1.96%	4.97%	10.83%
MSCI Emerging Markets	0.98%	3.88%	7.42%	11.06%
Russell 2000	0.80%	-2.22%	0.40%	10.19%

Source: Bloomberg, as of June 21, 2024

Value stocks outperformed growth. Nvidia became the largest stock in the world by market capitalization, briefly passing Microsoft before relinquishing the top spot later in the week. This drove down growth stocks, whereas consumer discretionary, energy, and financials were among the top performing sectors. Utilities, technology, and real estate fared worst as home sales continued to soften.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	1.60%	-0.07%	2.89%
U.S. Treasury	1.57%	-0.31%	1.58%
U.S. Mortgages	2.07%	-0.10%	2.47%
Municipal Bond	1.76%	-0.18%	3.53%

Source: Bloomberg, as of June 21, 2024

The Treasury yield curve was little moved, with a relatively parallel shift higher. The 2-year rose 4.5 basis points (bps) to close the week at 4.73 percent, the 10-year grew 5 bps to 4.26 percent, and the 30-year increased 5 bps to 4.4 percent.

>> The Takeaway

- Given its size, Nvidia is worth watching for a potential rotation away from artificial intelligence names.
- Treasuries sold off slightly.

Looking Ahead

This week will focus on consumer confidence and business sentiment. Highlights include data on consumer confidence, durable goods orders, and personal income and spending.

- The week kicks off on Tuesday with the release of the **Conference Board Consumer Confidence Index** for June. Consumer confidence is expected to fall modestly after improving more than expected in May.
- Throughout the week, we will see several **regional services and manufacturing data points** from Federal Reserve Banks in Dallas, Philadelphia, Chicago, and Richmond.
- On Thursday, we expect the preliminary release of **durable goods orders** for May. Headline durable goods orders are set to remain unchanged, whereas core goods orders are expected to rise.
- Finally, on Friday we'll receive the **personal income and spending report** for May. Personal income and spending are set to rise after smaller-than-expected increases in April.





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measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large 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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