

Weekly Market Recap

July 1, 2024

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500 [®] Index	5,460	-0.1%	14.5%
Dow Jones Industrial Average	39,119	-0.1%	3.8%
NASDAQ	17,733	0.2%	18.1%
Russell 2000 [®] Index	2,048	1.3%	1.0%
MSCI EAFE Index	2,314	0.3%	3.5%
Ten-Year Treasury Yield	4.38%	0.1%	0.5%
Oil WTI ¹ (\$/bbl ²)	\$81.52	1.0%	13.8%
Bonds ³	\$97.07	-0.7%	-0.2%

¹WTI = West Texas Intermediate Oil. ²bbl = Barrel. ³Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

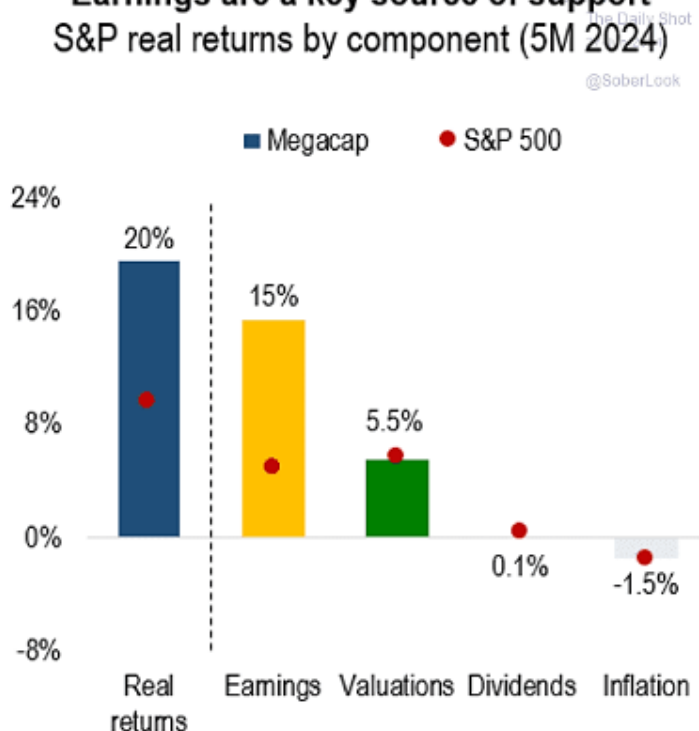
Last Week:

U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) were flat for the week as weak consumer company earnings reports/guidance were partially offset by May core personal consumption expenditures (PCE) inflation data that was in line with analyst expectations. The annual rate of PCE fell to the lowest level since March 2021. Some economists believe that the Federal Reserve (Fed) will need to see core PCE data in the 0.2-0.3% range for several months to keep a September rate cut as a likely outcome. Initial jobless claims remain elevated. The 10-year Treasury yield rose to 4.38% from a 4.26% level. Gold was up +0.4%, while WTI crude increased +1.0%.
- S&P 500 Index Sector Returns:
 - Energy (+2.7%) rose, as the price of WTI increased +1.0%.
 - Communication services (+1.3%) rose, led by traditional media, social media, and internet search stocks.
 - Real estate (+0.7%) rose, led by apartments and cell towers.
 - Consumer discretionary (+0.5%) rose, with strength from autos and travel stocks.
 - Financials (-0.2%) fell, led lower by fin-tech and banks.
 - Healthcare (-0.3%), consumer staples (-0.7%), and utilities (-1.1%) underperformed, as investors favored less-defensive stocks.
 - Technology (-0.4%) fell.
 - Industrials (-0.6%) fell, led lower by aerospace and defense stocks, airlines, and transports.
 - Materials (-1.1%) fell, led lower by chemical companies.

- Most of the real return in 2024 for U.S. mega-cap stocks and the S&P 500 Index have been driven by earnings growth.

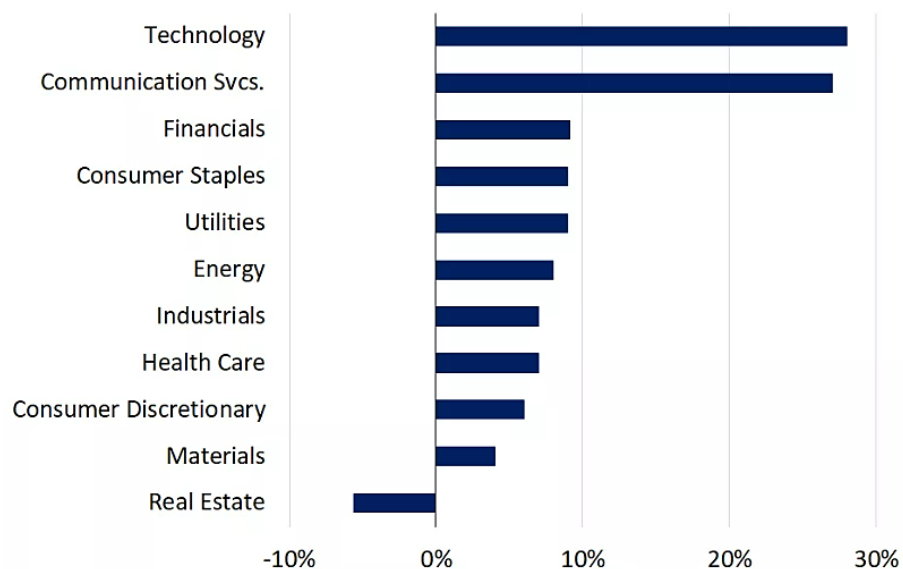
Earnings are a key source of support S&P real returns by component (5M 2024)



Note: chart breaks down real returns for the S&P 500 and mega-cap technology stocks between their earnings, valuations, and dividends, adjusted for inflation. Sources: Numera Analytics; The Daily Shot.

- The technology and communication services sectors outperformed all other sectors in the first half of 2024.

Sector Performance: First Half 2024

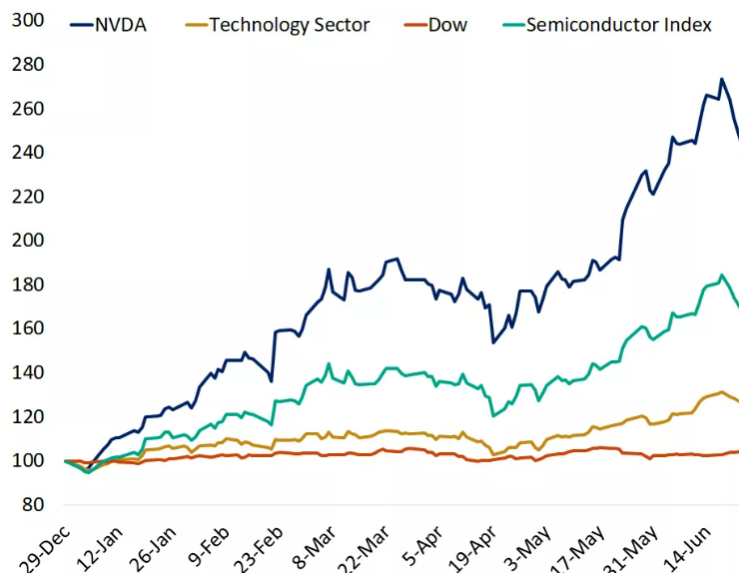


Sources: Bloomberg L.P.; Edward Jones.

Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on page 6.

- The artificial intelligence theme drove the returns of semiconductors in addition to the Technology sector.

First-Half Performance: The Dow vs. Technology Investments



The legend on this chart represents the Nvidia (NVDA) share price, the S&P 500 Information Technology Index, the Dow Jones Industrial Average Index, and the S&P Semiconductors Select Industry Index, respectively. Performance indexed to 100 on 12.29.2023. Prices as of 06.25.2024. Y axis is total return percentage (rebased to 100). Sources: Bloomberg L.P.; Edward Jones.

- Historically, the S&P 500 Index has benefitted from looser financial conditions and fallen when financial conditions tighten. Will the Fed cut rates later in 2024?

S&P 500 Reliably Moves Opposite Financial Conditions

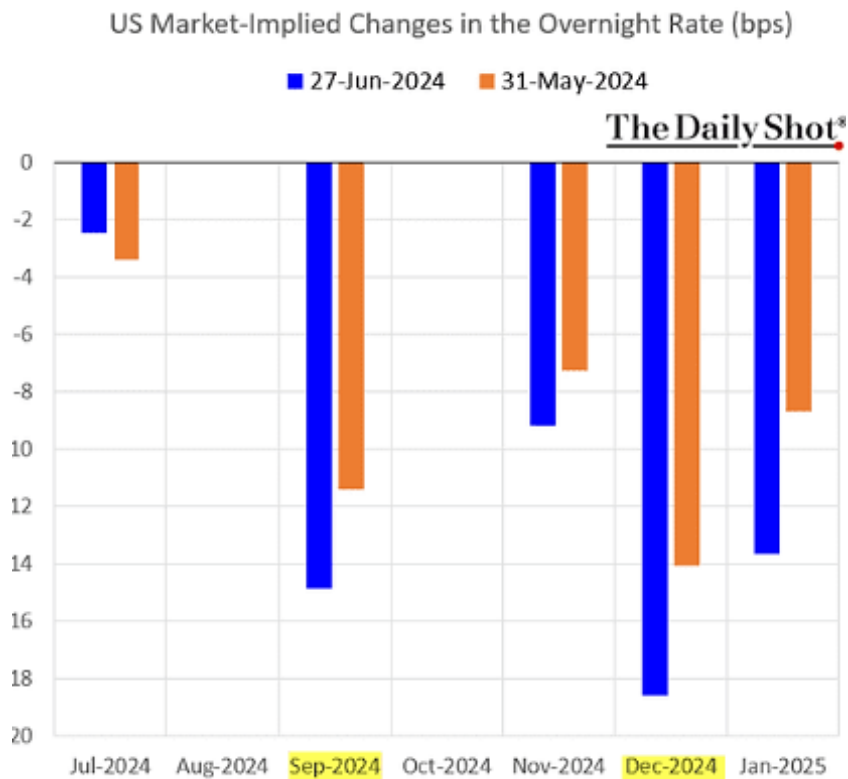


Top left axis is total return percentage (rebased to 100). Bottom right axis is S&P 500 Index price level. FCI: Financial Conditions Index. Sources: Stifel; The Daily Shot.

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Fixed Income Markets

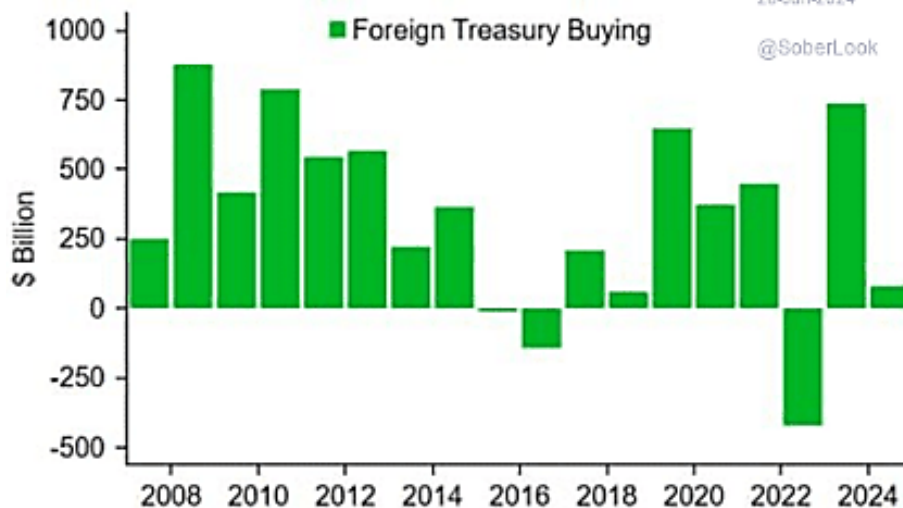
- The Fed funds futures market is expecting a rate cut of 0.15% in September and 0.19% in December.



Sources: Bloomberg L.P.; The Daily Shot.

- The pace of foreign investors buying U.S. Treasuries has slowed in 2024 but remains positive.

Foreign Treasury Buying Has Slowed Dramatically from 2023 Pace, But Remains Positive



Sources: EPFR Global; Bank of America; The Daily Shot.

U.S. Economic and Political News

- June consumer confidence was largely in line with analyst expectations, and average 12-month inflation expectations ticked down slightly.
- Final data from June University of Michigan consumer sentiment improved, with both one-year and five-year inflation expectations shifting lower.
- May new home sales missed analyst expectations following a sizeable upward revision to April new home sales.

International Markets and News

- European markets (STOXX 600 Index) fell -0.7% as the snap election (an election that is called earlier than the one that has been scheduled) called by French President Emmanuel Macron approaches. The German jobless rate rose to +6.0% in June.
- The Chinese stock market (Shanghai Composite) fell as ongoing concerns about the slowing economy weighed on investor sentiment.
- Japanese equities (Nikkei 225 Index) rose +2.6% as the Yen (near 38-year lows) continued to support the country's export-heavy industries.

This Week:

- The volume of corporate earnings reports will be light this week.
- Economic data:
 - Monday: Limited U.S. economic data;
 - Tuesday: Job Openings and Labor Turnover Survey (JOLTS), Redbook Chain Store, American Petroleum Institute (API) Crude Inventories;
 - Wednesday: Federal Open Market Committee (FOMC) Minutes, Weekly Jobless Claims, Mortgage Bankers Association (MBA) Mortgage Purchase Applications, Challenger Job Cuts, Automatic Data Processing (ADP) Employment Report, Trade Balance, Purchasing Managers' Index (PMI) Services Final, Durable/Factory Orders, Institute of Supply Management (ISM) Non-Manufacturing Index, U.S. Department of Energy (DOE) Crude Inventories, Energy Information Administration (EIA) Natural Gas Inventories;
 - Thursday: Limited U.S. economic data;
 - Friday: Nonfarm Payrolls, Unemployment Rate, Average Weekly Hours, Average Hourly Earnings.

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®
Executive Director

Griffith Jones, Jr.
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Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

The S&P 500® Index is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.

The S&P 500® Information Technology Index comprises those companies included in the S&P 500 that are classified as members of the GICS® information technology sector.

The S&P Semiconductors Select Industry Index comprises stocks in the S&P Total Market Index that are classified in the GICS Semiconductors sub-industry.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The Dow Jones Industrial Average (DJIA) is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

The NASDAQ Composite Index is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depository receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

The MSCI EAFE Index is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The Nikkei 225 is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

The Shanghai Stock Exchange Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

Technical Terms: **Fed funds futures** are financial futures contracts based on the federal funds rate and traded on the Chicago Mercantile Exchange (CME) operated by CME Group Inc. **Financial Conditions Index (FCI)** is a comprehensive index which is constructed based on the combination of some variables, such as currency price and asset price. **The Institute of Supply Management (ISM) Non-Manufacturing Index** (also known as the ISM Services PMI) report on Business, a composite index is calculated as an indicator of the overall economic condition for the non-manufacturing sector. **The JOLTS report** or Job Openings and Labor Turnover Survey is a report from the Bureau of Labor Statistics measuring employment, layoffs, job openings, and quits in the United States economy. The report is released monthly and usually a month after the jobs report for the same reference period. **Mega-cap** is a term used for a publicly-traded company with a market capitalization of over \$200 billion. **The Michigan Consumer Sentiment Index (MCSI)** is a monthly survey of consumer confidence levels in the United States conducted by the University of Michigan. **Personal consumption expenditures (PCE)**, also known as consumer spending, is a measure of the spending on goods and services by people of the United States. **The Purchasing Managers' Index (PMI)**, also known as the ISM Manufacturing Index, is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions are expanding, staying the same, or contracting as viewed by purchasing managers. (Technical definitions are sourced from Corporate Finance Institute.)

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