



Bend, Oregon

WEEK OF AUGUST 19, 2024

Market Update

Equities posted their best week of the year as economic data eased fears. Bonds were relatively unchanged as investors looked to lock in rates amid a strong recovery over the past two weeks.

Quick Hits

- 1. Report releases:** The pace of year-over-year consumer inflation fell to its lowest level in more than three years.
- 2. Financial market data:** Equities posted their best week of the year as economic data eased fears.
- 3. Looking ahead:** This week, we expect Federal Reserve (Fed) meeting minutes, along with manufacturing and home sales data.



Report Releases: August 12–16, 2024

Producer Price Index (PPI) July (Tuesday)

Producer inflation came in below economist estimates on both a headline and core basis, which was a positive development after hotter-than-expected producer inflation in June.

- Prior monthly PPI/core PPI growth: +0.2%/+0.3%
- Expected monthly PPI/core PPI growth: +0.2%/+0.2%
- Actual monthly PPI/core PPI growth: +0.1%/+0.0%
- Prior year-over-year PPI/core PPI growth: +2.7%/+3.0%
- Expected year-over-year PPI/core PPI growth: +2.3%/+2.6%
- Actual year-over-year PPI/core PPI growth: +2.2%/+2.4%



Consumer Price Index (CPI) July (Wednesday)

Consumer inflation slowed on a year-over-year basis, with the 2.9 percent annual rise in prices representing the lowest level of consumer inflation in more than three years.

- Prior monthly CPI/core CPI growth: -0.1%/+0.1%
- Expected monthly CPI/core CPI growth: +0.2%/+0.2%
- Actual monthly CPI/core CPI growth: +0.2%/+0.2%
- Prior year-over-year CPI/core CPI growth: +3.0%/+3.3%
- Expected year-over-year CPI/core CPI growth: +3.0%/+3.2%
- Actual year-over-year CPI/core CPI growth: +2.9%/+3.2%



Retail Sales July (Thursday)

Retail sales exceeded analyst estimates, with headline sales surging 1 percent against calls for a more modest 0.4 percent increase. Core sales also beat expectations.

- Expected/prior month retail sales monthly change: +0.4%/-0.2%
- Actual retail sales monthly change: +1.0%



Preliminary University of Michigan Consumer Sentiment Index August (Friday)

Consumer sentiment increased to start the month. Although views on current conditions dipped month-over-month, expectations for future conditions increased enough to bring the overall index up modestly.

- Expected/prior month consumer sentiment index: 66.9/66.4
- Actual consumer sentiment index: 67.8



>> The Takeaway

- Producer prices were softer than anticipated, whereas consumer prices were in line with expectations.
- Retail sales were stronger than expected.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	3.99%	0.67%	17.47%	28.00%
Nasdaq Composite	5.35%	0.25%	18.00%	31.85%
DJIA	3.02%	-0.34%	9.15%	19.39%
MSCI EAFE	4.09%	-0.12%	8.30%	16.85%
MSCI Emerging Markets	2.90%	0.96%	8.84%	14.94%
Russell 2000	2.98%	-4.92%	6.56%	16.16%

Source: Bloomberg, as of August 16, 2024

U.S. equities continued their risk-on rally as strong economic data eased growth fears. High-flying technology firms led the way higher, with the Nasdaq gaining more than 5 percent. Nvidia and Tesla were notable contributors, rising 18.9 percent and 8.1 percent, respectively. Starbucks and Ulta Beauty rose significantly due to corporate actions: Starbucks poached CEO Brian Niccol from Chipotle, and Ulta Beauty was disclosed as being part of a new stake from Berkshire Hathaway.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	1.28%	2.91%	8.58%
U.S. Treasury	1.20%	2.52%	7.11%
U.S. Mortgages	1.35%	3.00%	8.82%
Municipal Bond	0.69%	1.20%	5.51%

Source: Bloomberg, as of August 16, 2024

The Treasury yield curve posted modest moves after a dramatic previous two weeks. The areas beyond the 5-year saw the most action, with the long end of the curve flattening modestly. The 5-year, 10-year, and 30-year fell 3 basis points (bps), 5 bps, and 8 bps, respectively.

>> The Takeaway

- Equities continued their robust recovery amid stronger economic data.
- Bonds were relatively unchanged, other than some flattening on the longer end of the curve, as investors looked to lock in rates.

Looking Ahead

This week, we look forward to the release of Fed meeting minutes, manufacturing data, and home sales information.

- The week kicks off on Wednesday with the release of **Federal Open Market Committee (FOMC)** meeting minutes for July. Although the Fed voted to leave interest rates unchanged after its July gathering, the meeting minutes will still be widely analyzed for hints on the central bank's path of interest rate policy.
- On Thursday, we expect the release of **Preliminary S&P Global PMIs** for August and existing home sales for July. We have recently seen softening in manufacturing, though the larger segment in services has lifted the composite PMI higher. Existing home sales are set to increase modestly after falling for four consecutive months.
- Finally, on Friday, **new home sales** for July will be released. Expectations are for an increase of 2.6 percent to 633,000 homes sold.





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