



WEEK OF AUGUST 26, 2024

Market Update

Small-caps continued their rebound as market breadth widened. Treasuries traded in a relatively tight range as investors awaited Federal Reserve (Fed) Chair Jerome Powell's comments on Friday morning.

Quick Hits

- 1. Report releases:** The pace of existing home sales picked up modestly in July.
- 2. Financial market data:** Small-caps continued their rebound amid widening market breadth.
- 3. Looking ahead:** This week's data will focus on durable goods orders, consumer confidence, and personal spending.



Report Releases: August 19–23, 2024

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

Although the Fed voted to leave interest rates unchanged after meeting in July, minutes from the meeting showed that several central bank members viewed a rate cut as potentially appropriate.



Preliminary S&P Global US Composite PMI: August (Thursday)

The Preliminary S&P Global US Composite PMI was better than expected. The services sector was at 55.2, versus expectations of 54.2, whereas the manufacturing sector was softer than anticipated at 48 versus an expectation of 49.5.

- Expected composite PMI/prior month composite PMI: 53.0/–54.3
- Actual composite PMI: 54.1



Existing Home Sales: July (Thursday)

The pace of existing home sales increased for the first time in five months.

- Expected/prior month existing home sales change: +1.3%/–5.1%
- Actual existing home sales change: +1.3%



New Home Sales: July (Friday)

New home sales picked up considerably after the 30-year fixed mortgage rate fell from 7.07 percent in June to 6.78 percent by the end of July. Despite the 10.6 percent month-over-month increase, the 739,000 new homes sold was only 9,000 greater than the 730,000 new homes sold in April.

- Expected/prior month new home sales change: +0.8%/–0.6%
- Actual new home sales change: +10.6%



>> The Takeaway

- FOMC members expressed varied opinions about cutting rates at their July meeting.
- Home sales rebounded as the 30-year fixed mortgage rate fell 29 basis points (bps).

Financial Market Data

Equity

| Index | Week-to-Date | Month-to-Date | Year-to-Date | 12-Month |
|-----------------------|--------------|---------------|--------------|----------|
| S&P 500 | 1.47% | 2.15% | 19.20% | 28.89% |
| Nasdaq Composite | 1.41% | 1.66% | 19.66% | 31.34% |
| DJIA | 1.29% | 0.95% | 10.56% | 21.83% |
| MSCI EAFE | 2.77% | 2.65% | 11.79% | 21.12% |
| MSCI Emerging Markets | 0.70% | 1.69% | 9.86% | 16.74% |
| Russell 2000 | 3.62% | -1.48% | 10.40% | 20.40% |

Source: Bloomberg, as of August 23, 2024

U.S. equities moved higher, with the Russell 2000 Index leading the way. The market has widened in breadth after experiencing a sell-off in early August; more than 70 percent of firms in the S&P 500 ended the week above their 50-day moving average. The top performing sectors were real estate, materials, and consumer discretionary. Underperforming sectors were energy, technology, and communication services.

Fixed Income

| Index | Month-to-Date | Year-to-Date | 12-Month |
|-------------------|---------------|--------------|----------|
| U.S. Broad Market | 1.96% | 3.60% | 8.61% |
| U.S. Treasury | 1.79% | 3.12% | 7.17% |
| U.S. Mortgages | 2.12% | 3.79% | 8.89% |
| Municipal Bond | 0.78% | 1.28% | 6.45% |

Source: Bloomberg, as of August 23, 2024

Treasuries traded in a relatively tight range as market participants awaited Powell's comments on Friday. Treasuries were higher in price and lower in yield. Shorter maturities outperformed, steepening the yield curve. The 10-year lost 8 bps, falling to 3.8 percent.

>> The Takeaway

- Small-caps continued their rebound amid widening market breadth.
- Bonds were relatively unchanged, other than a move lower on the shorter end of the curve.

Looking Ahead

This week's data will focus on durable goods orders, consumer confidence, and personal spending.

- The week kicks off on Monday with the preliminary release of **durable goods orders** for July. Headline durable goods orders are set to partially rebound after falling more than expected in June. Core orders are expected to remain flat.
- On Tuesday, the **Conference Board Consumer Confidence Index** for August will be released. Confidence is expected to fall modestly.
- On Thursday, we expect the second revision release of **second quarter GDP growth**, which is expected to remain at 2.8 percent on an annualized basis.
- Finally, on Friday, the **personal income and spending report** for July is due. Both are expected to rise, which would mark 16 consecutive months of personal spending growth.





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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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