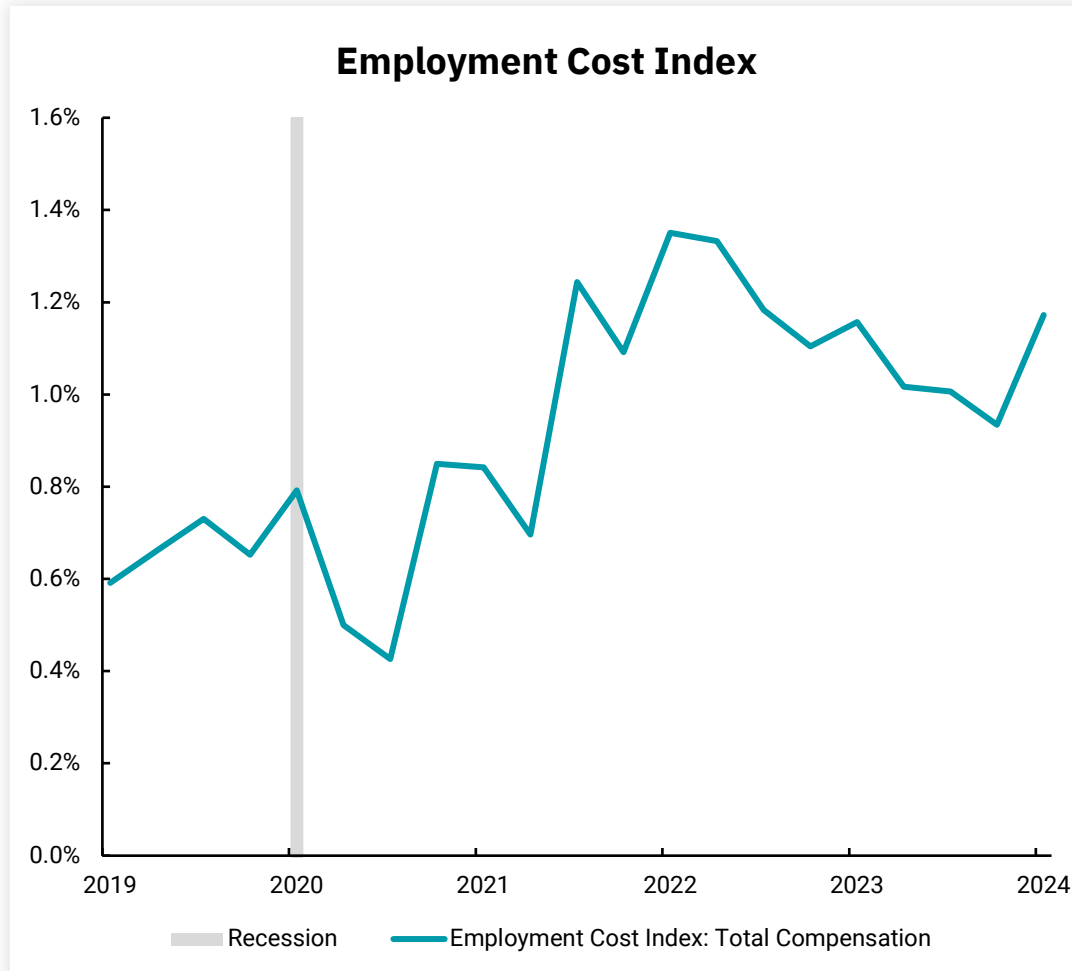


Weekly market update



Chart of the week (Jun. 07, 2024)



The European Central Bank (ECB) voted to lower interest rates at its meeting on June 6 as global inflation trends continue to moderate. Other central banks are considering similar actions, but in the U.S., the Federal Reserve's language and actions have been more reserved.

The labor market plays a key role in shaping the Fed's view about the path of inflation going forward, and recent data has shown that it is becoming a bit more balanced between labor supply and demand. The May [Job Opening and Labor Turnover Survey](#) (JOLTS) registered a decline in open jobs, with approximately 8 million openings versus a high of 12 million in 2022, resulting in a ratio of open jobs to unemployed persons of about 1.2. JOLTS Data on the number of people quitting their jobs, which provides insight into the level of turnover, reveals an environment where lower competition for workers can lower pressure on wages.

We see wage data within the Department of Labor's (DOL) monthly unemployment report, as well as the quarterly report from the Bureau of Labor Statistics (BLS) called the [Employment Cost Index](#) (ECI). Unlike the monthly data from the DOL, which measures wages amongst employed persons, the quarterly BLS report includes wages, salaries and benefits. This week's chart shows the ECI for civilian workers through the first quarter of 2024.

We can see that the most recent ECI is lower than its peak in 2022, but our last report also showed an increase in the first quarter of 2024 compared to the end of 2023. Wage data within the monthly employment report has not increased like the ECI, but wages have remained stuck at levels that call into question the ability for inflation to move "sustainably" to the Fed's 2% target. We sense that an increase in unemployment would lead the Fed to begin lowering rates sooner. Still, when unemployment is stable and below 4%, wage data provides a reason why our Fed might be moving a bit more slowly to lower rates than our international counterparts.

In addition, the European fiscal response to the pandemic was significantly less than ours. As a result of the U.S. fiscal response and our dynamic economy, domestic growth has rebounded faster and more strongly than in Europe. However, our ongoing level of deficit spending might be a factor in keeping our inflation a bit higher for a bit longer. If so, we might see an ongoing difference between global central bank actions and our Fed.

Weekly market update

Commentary (Jun. 07, 2024)

Domestic Equities

- U.S. stocks posted mixed results for the week. Large-cap companies, as represented by the S&P 500 Index, gained around 2%. Mid-cap and small-cap indexes generally declined.
- Growth outperformed value, as big tech stocks continue to dominate the market, propelled by excitement around artificial intelligence.
- Nvidia's (NVDA) market cap topped \$3 trillion this week, surpassing Apple (AAPL) to become the second-most valuable company in the U.S.
- GameStop (GME) shares were volatile as the company unexpectedly released first-quarter earnings and announced a share-sale plan.

Bonds

- U.S. Treasury yields were lower on softer economic data but finished the week off the lows. In particular, the yield on the 10-year U.S. Treasury made a two-month low on Wednesday but gave up much of its gain on Thursday and Friday on the release of stronger-than-expected Purchasing Manager's Index (PMI) and employment data.
- The broad investment-grade market, as measured by the Bloomberg US Agg Bond Index, was positive, with returns being driven by the drop in longer-term rates and narrowing spread across the securitized market.
- The Bank of Canada became the first G7 nation to cut rates on Wednesday, trimming the overnight rate by 0.25% to 4.75%. The European Central Bank then cut rates on Friday, with the bank lowering the deposit rate by 0.25% to 3.75%.

International Equities

- Central bank moves dominated investors' attention this week. The European Central Bank became the fourth major central bank to cut its policy rate after Switzerland, Sweden and Canada.
- Developed markets rallied this week as many markets across Europe moved higher. On the data front, a survey showed eurozone business activity expanded at its quickest rate in a year, as growth in the region's services industry outpaced a contraction in manufacturing. The improving sentiment propelled the STOXX Europe 600 Index to record highs.
- Emerging markets marched higher to snap a two-week slump led by gains across Asian markets. Unexpected election results caused an increase in volatility this week as Mexican stocks dropped 8.8% on Monday, while Indian stocks fell 6.8% on Tuesday. Both markets rallied after the initial shocks to finish the week with some momentum.

Economics

- The Bureau of Labor Statistics (BLS) reported that the total nonfarm payroll increased by 272,000 in May, well above consensus estimates of 190,000. Most of the monthly job growth occurred in the healthcare, government, leisure and hospitality, and professional services. The U-3 unemployment rate rose to 4.0%, the highest level since January 2022, and the civilian labor force declined by 250,000, totaling 167.7 million. The participation rate fell to 62.5%, a decline of 0.2% from the prior month.
- Additionally, the BLS Job Openings and Labor Turnover Summary (JOLTS) declined by 296,000, totaling 8.1 million as of the last business day in April. Despite the monthly decline, the number of job openings remains above the pre-pandemic level of 7 million.
- The Consumer Price Index will be released on Wednesday, and the Producer Price Index will be released on Thursday.

Weekly Market Update

For Week Ending June 07, 2024

Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	38,798.99	0.3%	3.9%	17.6%
S&P 500 Index	5,346.99	1.4%	12.8%	27.2%
NASDAQ Composite	17,133.13	2.4%	14.5%	31.7%
S&P 400 Midcap Index	2,920.70	-2.0%	5.7%	15.6%
S&P 600 Smallcap Index	1,296.43	-2.5%	-0.9%	8.4%
MSCI EAFE	8,384.97	0.6%	7.7%	16.0%
MSCI Emerging Markets	565.07	2.4%	5.9%	10.7%
Bloomberg US Agg	2,135.85	0.4%	-1.2%	2.4%
Bloomberg Municipal 5 Yr	483.08	0.7%	-1.2%	2.3%
Bloomberg US Corporate	3,196.71	0.4%	-0.8%	5.5%
Bloomberg Glb Agg ex US Hdg	566.70	0.5%	0.3%	5.4%
Bloomberg High Yield	2,531.00	0.4%	2.1%	10.7%
MSCI US REIT Index	2,076.60	0.0%	-3.4%	3.6%
Bloomberg Commodity Index	239.29	-1.0%	5.7%	6.7%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	5.50%	5.50%	5.50%	5.25%
3-Month Treasury	5.39%	5.40%	5.33%	5.27%
1-Year Treasury	5.17%	5.18%	4.76%	5.14%
2-Year Treasury	4.89%	4.87%	4.25%	4.56%
5-Year Treasury	4.46%	4.51%	3.85%	3.94%
7-Year Treasury	4.45%	4.51%	3.88%	3.88%
10-Year Treasury	4.43%	4.50%	3.88%	3.80%
30-Year Treasury	4.55%	4.65%	4.03%	3.95%

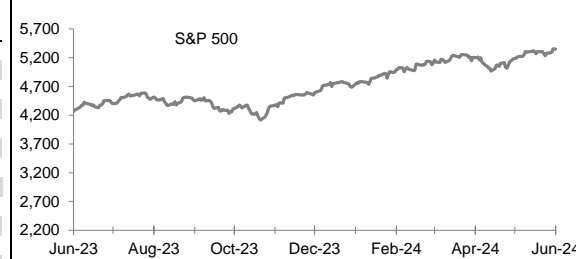
	Last Price/Yield	Prior Week	Year End	Year Ago
Consumer Rates				
30-Year Mortgage	7.31%	7.29%	6.99%	5.83%
Prime Rate	9.25%	9.25%	9.25%	9.00%
SOFR	5.33%	5.34%	5.38%	5.05%

	Last Price	Prior Week	Year End	Year Ago
Commodities				
Gold	2,293.78	2,327.33	2,062.98	1,940.02
Crude Oil (WTI)	75.53	76.99	71.65	68.84
Gasoline	3.46	3.54	3.12	3.56
Natural Gas	2.92	2.59	2.33	3.30
Copper	4.48	4.60	3.89	3.78

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	19.09	20.76	4.95	1.93
S&P 500	21.85	23.45	4.85	1.42
S&P 500 Value	16.60	17.39	2.81	2.38
S&P 500 Growth	29.02	32.19	11.10	0.67
NASDAQ	30.98	36.85	6.71	0.78
S&P Midcap 400	15.92	16.10	2.46	1.88
S&P Smallcap 600	15.21	15.05	1.76	2.76
MSCI EAFE	15.12	15.09	1.94	3.12
MSCI Emerging Markets	12.99	15.02	1.72	2.87

Source: Bloomberg

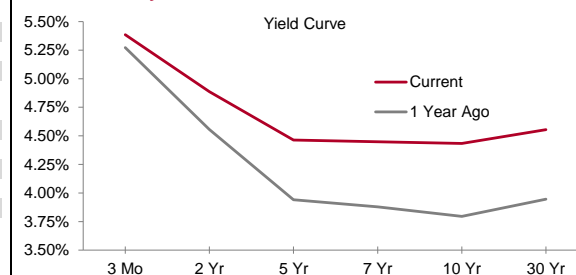
Equity Style



1 Month*			Year to Date*		
Value	Core	Growth	Value	Core	Growth
Large					
0.76	3.25	5.27	6.03	12.81	18.71
Mid					
-0.98	-1.69	-2.35	0.41	5.67	10.73
Small					
-1.61	-1.43	-1.26	-4.47	-0.91	2.67

*S&P Indices

Fixed Income Style



1 Month*			Year to Date*		
Short	Interm.	Long	Short	Interm.	Long
Govt					
0.31	0.38	1.11	0.69	-0.40	-5.38
Corp					
0.32	0.43	0.78	1.42	0.49	-3.20
HY					
0.63	0.39	0.14	3.03	2.10	0.12

1-3 Yrs 1-10 Yrs +10 Yrs

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	3.4%	4.9%
CPI Core Inflation	3.6%	5.5%
Personal Consumption Exp (PCE) Core	2.8%	4.8%

	Last Release	Year Ago
Jobs		
Unemployment Rate (U3)	4.0%	3.7%
Broader Unemployment Rate (U6)	7.4%	6.8%
JOLT Survey (in millions)	8.06	9.90
Jobless Claims (000's)	229	255
Change in Non-Farm Payroll (000's)	272	303
Average Hourly Earnings (Y/Y % Change)	4.1%	4.6%

	Last Release	Year Ago
Consumer & Spending		
Consumer Confidence (Conf Board)	102.0	102.5
Consumer Spending (\$ Bil)	19,341	18,364
Consumer Credit (\$ Bil)	5,053	4,957
Retail Sales (\$ Bil)	705	684

	Last Release	Year Ago
Housing		
Housing Starts (000's)	1,360	1,368
Case-Shiller Home Price Index	316.65	297.34

	Last Release	Year Ago
U.S. Productivity		
Real Gross Domestic Product (\$ Bil)	22,750	22,112
Quarter over Quarter Change	1.3%	2.2%
Year Over Year Change	2.9%	1.7%
ISM Manufacturing	48.70	46.60
Capacity Utilization	78.40	79.79
Markit US Composite PMI	54.50	54.30

	Last Release	Year Ago
U.S. General		
Leading Economic Indicators	101.8	107.6
Trade Weighted Dollar Index	122.5	121.2
EUR / USD	1.08	1.07
JPY / USD	156.75	140.13
CAD / USD	0.73	0.75
AUD / USD	0.66	0.67

S&P 500 Sector Returns

	1 Month	YTD
Communication Services	3.16%	22.97%
Information Technology	9.51%	21.81%
Utilities	0.60%	11.41%
Financials	0.67%	10.71%
Consumer Staples	1.30%	9.79%
Energy	-3.35%	8.55%
Healthcare	2.72%	7.85%
Industrials	-1.60%	7.76%
Materials	-1.48%	5.29%
Consumer Discretionary	-0.90%	2.33%
Real Estate	1.48%	-4.49%

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