

July 24, 2024

Good Afternoon,

Stocks have pulled back sharply over the past week, with the S&P 500 index off nearly 3%, effectively wiping out the strong gains in the first two weeks of July. The tech heavy NASDAQ Composite Index is off closer to 4% in the same time frame but remains up 15% year to date. Two weeks ago, we mentioned that stocks appeared overbought, and we anticipated a pullback. How much further stocks may decline is unknown, but pullbacks are a normal market process and provide opportunities for investors as well as a foundation to build future gains.

We continue to see a reversal in the “mega” stocks – led by tech highfliers like NVIDIA, Alphabet (Google), Amazon, Tesla, and Microsoft. During the same one-week stretch from July 10-17, the 10 largest stocks in the S&P 500 fell an average of 5.6%, while the remaining 490 stocks in the index rose an average of 3.7%. We are in Q2 corporate earnings season and volatility, especially among individual stocks, is very high. Maybe it’s the traditional summer swoon. The three-month period following the close on July 14 has been the weakest three-month stretch of the year for the S&P 500 over the last 25 years. During this span, the S&P 500’s median decline has been 2.5%, with positive returns just half of the time.

Is anyone else tired of politics? With the approach of our national elections in November, and the events of the past two weeks, the rhetoric and vitriol have been elevated to new heights. I find it all very discouraging and take some pleasure in a quote by Ralph Waldo Emerson, who said, “Washington, where an insignificant individual may trespass on a nation’s time.” I guess it’s the same every four years. To quote another great American, Yogi Berra, “It’s déjà vu all over again.”

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http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Have a great week!

Wade

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