

Monthly Newsletter

August 2024



Monthly Market Recap

Since 1928, July has traditionally been the best month of the year for stock market performance. However, this year we observed increased volatility after a strong first half. The S&P 500 rose by 1.2%, the DJIA increased by 4.5%, while the NASDAQ saw a decrease of -0.7%.

In June, the unemployment rate unexpectedly rose to 4.1%, surpassing forecasts that it would remain steady at 4%. This increase ties for the highest level since October 2021, presenting mixed signals for the Federal Reserve. Despite this, the labor market remains robust, with the U.S. economy adding 206,000 jobs, once again exceeding expectations. Federal Reserve Chair Jerome Powell highlighted that the recent rise in unemployment and any signs of labor market weakness would be closely monitored moving forward.

Inflation continues to show signs of easing, with the Consumer Price Index (CPI) decreasing by 0.1% from May, bringing the annual rate down to 3%—its lowest level in over three years. Core CPI, excluding food and energy, increased by 0.1% in May and was up 3.3% year-over-year, marking the smallest annual increase since April 2021. A notable 3.8% decrease in gasoline prices helped offset increases in food and shelter costs. The Federal Reserve recently held interest rates steady at 5.25% - 5.50%, citing progress toward its 2% inflation goal. The ongoing positive trends in inflation suggest that rate cuts may be on the horizon.

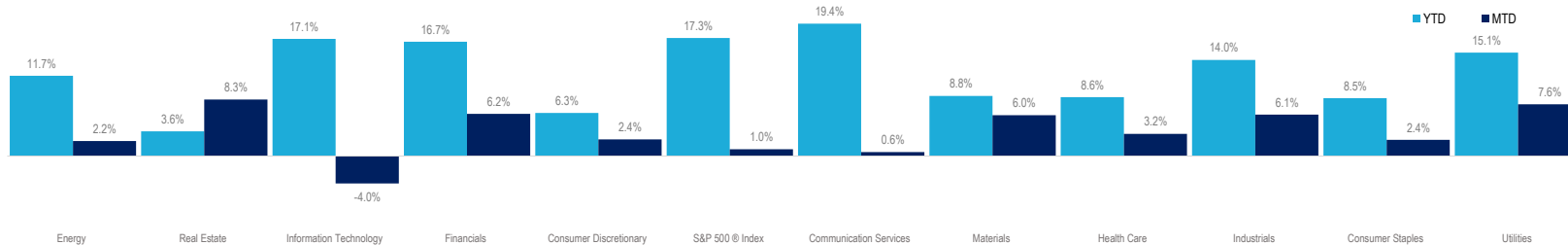
Earnings for the second quarter have been a focal point in July and will continue to be closely watched in August. Nearly halfway through the earnings season, 78% of companies have reported a positive earnings per share (EPS) surprise. If this trend continues, it could mark the highest year-over-year earnings growth rate for the S&P 500 since Q4 2021.

Historically, August can be a challenging month for stocks. However, as noted last month, stock market strength during election years often persists through August. Given these mixed signals, we remain cautiously optimistic and hope the markets can maintain their positive momentum for the remainder of the year.

	Index Return %	
	MTD	YTD
Equities		
S&P 500	1.2%	16.7%
Russell 3000	1.9%	15.7%
Nasdaq	-0.7%	17.7%
Dow Jones	4.5%	9.5%
Fixed Income		
US Aggregate	2.3%	1.6%
US Corporate High Yield	1.9%	4.6%
	Rate %	
Economic Metrics	Jun-24	
US Unemployment Rate	3.90%	
US Inflation Rate	2.97%	
	Levels	
Commodities	Jun-24	Jul-24
Oil (WTI)	82.83	77.27
Gold	2,330.90	2,386.10
Dow.J. Commodity Index	1,023.52	975.97
	Rate %	
Interest Rates	Jun-24	Jul-24
10 Year Treasury Rate	4.36%	4.15%
30 Year Treasury Rate	4.51%	4.40%
30 Year Mortgage Rate	6.86%	6.78%
US Corp. AAA Effective Yield	4.98%	4.74%

All numbers reported are as of July 31 2024

Major Economic Events	Date
Employment Situation	2-Aug
Inflation Rate	14-Aug
FOMC Meeting	18-Sep



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Sources

S&P 500 Performance	https://ycharts.com/indices/%5ESPXTR/level
Russell 3000 Performance	https://ycharts.com/indices/%5ERUATR/level
Nasdaq Performance	https://ycharts.com/indices/%5ENA100TR/level
Dow Jones Performance	https://ycharts.com/indices/%5EDJITR
US Aggregate Performance	https://ycharts.com/indices/%5EBBUSATR
US Corporate High Yield Performance	https://ycharts.com/indices/%5EBBUSCOHYTR
US Unemployment Rate	https://ycharts.com/indicators/us_unemployment_rate
US Inflation Rate	https://ycharts.com/indicators/us_inflation_rate
10 Year Treasury Rate	https://ycharts.com/indicators/10_year_treasury_rate
30 Year Treasury Rate	https://ycharts.com/indicators/30_year_treasury_rate
30 Year Mortgage Rate	https://ycharts.com/indicators/30_year_mortgage_rate
US Corp. AAA Effective Yield	https://ycharts.com/indicators/us_coporate_aaa_effective_yield
European Markets Performance	https://russellinvestments.com/middle-east/global-market-outlook#ColorBoxesRoot_5c2d1932-eb2f-4ad5-a377-5c496b847736
Sectors & Industries Performance	https://ycharts.com
Dow Jones Commodity Index	https://ycharts.com/indices/%5EDJC
Gold Price	https://ycharts.com/indicators/gold_price_in_us_dollar
Crude Oil Price	https://ycharts.com/indicators/wti_crude_oil_spot_price

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