

August 28, 2024

Good Afternoon,

Stocks finished last week on a strong note as Fed Chair Powell stated clearly that the Fed will begin to reduce interest rates, likely at their September meeting. Today, markets anxiously await the earnings report from NVIDIA Corporation, the darling tech company that produces the chips to run AI applications. While tech stocks are slipping today, a robust report from NVIDIA could recharge the rally. Conversely, a disappointing number could send stocks tumbling further. Meanwhile, bonds are behaving as the yield on the 10-Year US Treasury remains below 3.85%.

We are starting to see signs of a softer labor market. Rising unemployment can be a precursor to recession, and if the Fed is forced to cut rates more aggressively because of a significant downturn in the labor market, history says that isn't a welcome sign for the stock market. So, analysts are keeping an eye on employment data to try to gauge the size of the first Fed rate cut. Anything more than 0.25% could signal concern by the Fed, which may also spook investors – even though stocks love lower rates.

American astronauts Barry “Butch” Wilmore and Sunita “Suni” Williams were expecting to spend just 8 days in space when they blasted off in June— but they'll now be stuck aboard the International Space Station for 8 months thanks to severe problems with Boeing's Starliner spacecraft. Starliner will return to Earth uncrewed, and Wilmore and Williams will have to catch a ride home on the next SpaceX rocket's return to Earth in February 2025. Considering all that's currently happening on Earth, maybe they are better off up there a little longer.

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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,

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