



Weekly Recap

U.S. equities had a positive start to the week, with the Dow Jones Industrial Average experiencing its longest winning streak since January 1987, although it later snapped that streak on Thursday. The flash manufacturing PMI for the U.S. surpassed expectations, rising to 49.0 month over month (m/m), but it remained in contraction territory. In contrast, the flash services PMI missed the consensus estimate, declining to 52.4 m/m, but it still indicated expansion nevertheless. Given the recent AI rally, technology companies' earnings were a focus during the week. Alphabet and Microsoft delivered strong Q2 results, highlighted by Alphabet's robust growth in the cloud and AI sectors, although some concerns remained about their capex plans. Additionally, Meta Platforms' shares surged 5% on the back of better-than-expected results and positive guidance, driven by a significant rebound in advertising revenue. Midweek, as anticipated, the Federal Reserve approved a 25-basis point interest rate hike, pushing the benchmark borrowing cost to its highest level in over 20 years. This marks the 11th time that the Fed has raised rates since March 2022, with the last similar rate-raising activity dating back to the early 1980s. The latest GDP reading for the second quarter exceeded economists' expectations, showing a 2.4% rise. All major U.S. equities indices ended the week higher with the S&P 500 up 1.01%, the Dow Jones Industrial Average up 0.66%, and the Nasdaq up 2.02%. Communication services was the best performer this week and utilities was the worst performer. Growth outperformed value.

Key Thought for The Week

The U.S. economy grew at a 2.4% annual rate in the second quarter. Like most economic releases over the last six weeks, the GDP report indicated the economy was stronger than consensus expectations. Consumption rose 1.6%, which was consistent with estimates and represented a modest slowing. Non-residential fixed investment showed surprising strength. A healthy level of capital investment indicates confidence in the economic outlook and is critical to sustaining economic expansion. The better mix of growth is a positive sign and suggests that the probability of a soft landing is higher than many investors thought just a few months ago. As recently as June, the staff of economists that support the Federal Reserve's rate-setting policy committee had been calling for a recession to start before the end of the year. Given the economic momentum in the first half of 2023 and the broader mix of growth, Fed economists have upgraded their forecast for the economy. With core inflation still elevated and running higher than 4% year-over-year, the Fed felt compelled to increase rates by 25 basis points this week. Fed Chair Jerome Powell, during his post-meeting Q&A, also indicated that September was a "live" rate meeting, and the appropriate monetary response would depend on future economic data. Better economic strength has given the Fed more leeway to be aggressive regarding monetary policy without causing deep damage to the labor market.

7/28/2023		Wk Net Change	Wk % Change	Div Yield	YTD % Change	12 Mos % Change
STOCKS	Close					
DJIA	35,459.29	231.60	0.66	2.01	6.98	9.01
S&P 500	4,582.23	45.89	1.01	1.51	19.34	12.52
NASDAQ	14,316.66	283.85	2.02	0.76	36.79	17.71
S&P MidCap 400	2,716.88	11.06	0.41	1.61	11.79	9.51
EAFE	2,192.76	16.18	0.74	3.25	12.80	14.48
Emerging Market	1,035.15	20.57	2.03	2.89	8.24	3.76

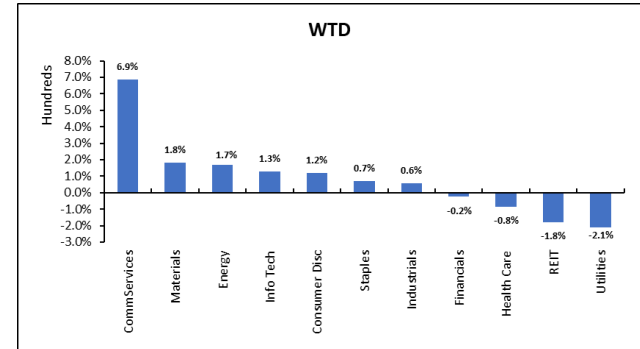
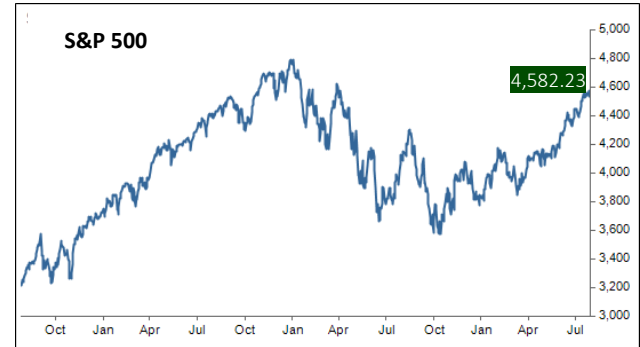
TREASURIES	Yield	FOREX Price	Wk % Change
1-Year	5.37	USD/EUR	1.10 -0.96
2-Year	4.88	JPY/USD	141.16 0.40
5-Year	4.18	USD/GBP	1.29 -0.03
10-Year	3.95	CAD/USD	1.33 -0.21
30-Year	4.01		

Source: FactSet/Bloomberg

Sector - Large Cap	Close	Wk Net Change	WTD	MTD	QTD	YTD
Defensive						
Staples	797.98	5.67	0.7%	2.5%	2.5%	2.4%
Health Care	1,574.35	-13.42	(0.8%)	1.7%	1.7%	(0.7%)
CommServices	230.71	14.79	6.9%	6.8%	6.8%	44.8%

Eco Sensitive	Close	Wk Net Change	WTD	MTD	QTD	YTD
Consumer Disc	1,354.99	16.16	1.2%	1.8%	1.8%	34.8%
Energy	655.86	10.86	1.7%	5.2%	5.2%	(2.5%)
Industrials	931.88	5.23	0.6%	2.6%	2.6%	12.1%
Info Tech	3,163.09	39.67	1.3%	2.5%	2.5%	45.6%
Materials	536.71	9.53	1.8%	2.8%	2.8%	9.6%

COMING UP NEXT WEEK		Consensus	Prior
07/31 Chicago PMI SA	(Jul)	42.5	41.5
08/01 Markit PMI Manufacturing SA (Final)	(Jul)	49.0	49.0
08/01 ISM Manufacturing SA	(Jul)	46.7	46.0
08/01 JOLTS Job Openings	(Jun)	9,800K	9,842K
08/02 ADP Employment Survey SA	(Jul)	170.0K	497.0K
08/03 Productivity SAAR Q/Q (Preliminary)	(Q2)	1.1%	-2.1%
08/03 Markit PMI Services SA (Final)	(Jul)	52.4	52.4
08/03 Durable Orders SA M/M (Final)	(Jun)	-	4.7%
08/03 Factory Orders SA M/M	(Jun)	-0.50%	0.30%
08/03 ISM Services PMI SA	(Jul)	53.2	53.9
08/04 Manufacturing Payrolls SA	(Jul)	5.0K	7.0K
08/04 Nonfarm Payrolls SA	(Jul)	180.0K	209.0K



Russell Style Return

WTD	Value	Blend	Growth	YTD	Value	Blend	Growth
Large	0.27%	0.99%	1.65%	8.47%	20.41%	33.16%	
Medium	0.22%	0.15%	(0.01%)	9.24%	12.75%	18.87%	
Small	1.64%	1.09%	0.53%	9.15%	13.43%	17.40%	

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