



Recap

U.S. equity markets finished the month of July mixed, with the S&P 500 and Dow Jones gaining +1.22% and +4.51%, respectively, while the Nasdaq at -0.73%. Volatility is prevalent as investors continue to rotate from high-flying technology names into small-cap, value, and other cyclical areas of the market. Small Caps are up +10.16% month to date, as represented by the Russell 2000. To pour salt on the wound, technology companies faced major outages that spread throughout major industries across the globe. Delta in particular faced major difficulties getting back online with the company's CEO, Ed Bastian, announcing the outage cost the company \$500 million. The June CPI reading was released last month with the index rising 0.1% from May, increasing at the slowest pace since August 2021 and reporting two consecutive months of better-than-expected readings. Interest rates remain unchanged after July's FOMC meeting, but markets are prepared for an eventful September meeting with inflation and job growth moderating. Federal Reserve Chair Jerome Powell seemed to be more transparent in his language compared to prior meetings, highlighting a weakening labor market that should no longer be a source of higher inflation. Fed fund futures suggest a 100% probability of a rate cut in September, but to what extent is up for debate. Second quarter 2024 earnings are in full swing with 376 companies in the S&P 500 having reported. So far, 78.7% of the companies that reported earnings have topped analyst expectations compared to the long-term average of 66%.

8/2/2024		Wk	Wk		YTD	12 Mos
	Close	Net	%	Div	Change	%
		Change	Change	Yield		Change
STOCKS						
DJIA	39,737.26	-852.08	-2.10	1.94	5.43	12.63
S&P 500	5,346.56	-112.54	-2.06	1.41	12.09	18.46
NASDAQ	16,776.16	-581.72	-3.35	0.81	11.76	20.06
S&P MidCap 400	2,948.01	-126.95	-4.13	1.58	5.98	9.53
EAFE	77.00	-2.41	-3.03	3.24	2.19	6.71
Emerging Market	52.31	-0.92	-1.73	2.95	3.42	3.83

TREASURIES	Yield	FOREX	Price	Wk
				%
				Change
1-Year	4.36	USD/EUR	0.92	-0.33
2-Year	3.88	USD/JPY	146.66	-0.79
5-Year	3.62	USD/GBP	0.78	-0.11
10-Year	3.80	USD/CAD	1.39	0.14
30-Year	4.10			

Source: FactSet

Sector - Large Cap

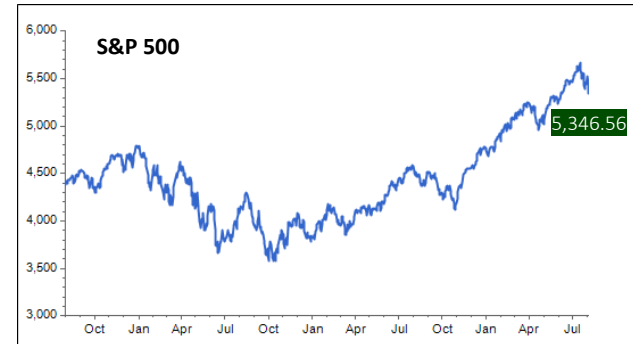
	Close	Wk	WTD	MTD	QTD	YTD
		Net				
		Change				
Defensive						
Staples	850.74	9.76	1.2%	2.0%	3.8%	11.6%
Health Care	1,757.39	11.41	0.7%	0.8%	3.4%	10.5%
CommServices	294.18	3.66	1.3%	(1.0%)	(5.2%)	19.6%

Eco Sensitive

Consumer Disc	1,414.01	-63.21	(4.3%)	(6.8%)	(5.2%)	(0.3%)
Energy	678.47	-26.33	(3.7%)	(4.8%)	(2.8%)	6.0%
Industrials	1,038.80	-29.80	(2.8%)	(4.0%)	0.7%	7.7%
Info Tech	4,024.50	-168.92	(4.0%)	(5.3%)	(7.3%)	18.5%
Materials	567.59	-7.97	(1.4%)	(2.2%)	2.0%	5.2%

Interest Rate Sensitive

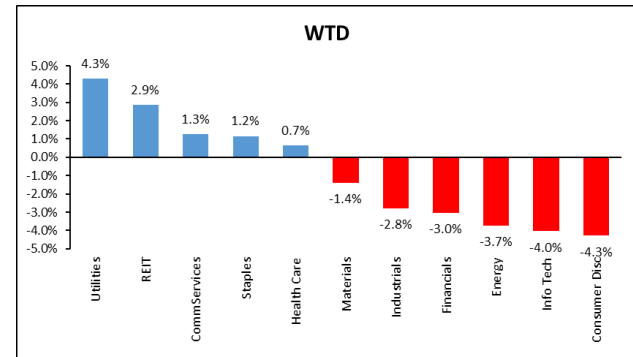
Financials	700.04	-21.80	(3.0%)	(3.8%)	2.3%	11.8%
Utilities	377.01	15.52	4.3%	2.0%	8.9%	17.1%
REIT	262.05	7.30	2.9%	1.7%	8.5%	4.4%



Key Thought for The Week

The market is entering a seasonally more challenging period. Since 1945, the S&P 500 has lost 0.2% on average in August and 0.7% in September. The Dow Jones has been even worse in August, posting average losses of 1.1% since 1987. The reason for the market's seasonality is difficult to explain specifically but seems grounded in portfolio repositioning and outflows from mutual funds before the end of their fiscal year. The last correction for the market measured by the S&P 500 ended last October 27, 2023, when the index fell by 10.3%. So, the market seems due for at least a period of consolidation after an extended low volatility rally that was highly concentrated into a relatively small number of stocks. Many concerns could spark a market correction, such as the uncertainty of a contentious presidential election or heightened tensions in the Middle East. More likely, however, is the burden of high valuations in the face of a slowing economy. As the economy slows due to the lag effects of higher interest rates, which have been evident in recent economic data, it will be difficult to differentiate whether a soft landing or a recession lies ahead. The precipitous drop in bond yields, the 10-year Treasury has fallen from 4.48% at the beginning of July to 3.85%, suggesting a material economic slowdown. Given the rapidly weakening labor market, the Federal Reserve may regret not normalizing rates sooner. The economic uncertainty and its potential impact on earnings expectations will lead to more volatility as we move through the summer. Investors should use any near-term volatility to reposition portfolios to ensure they are appropriately aligned with their risk tolerance and stay focused on their long-term financial goals.

COMING UP NEXT WEEK			Consensus	Prior
08/05	Markit PMI Services SA (Final)	(Jul)	56.0	56.0
08/05	ISM Services PMI SA	(Jul)	51.5	48.8
08/06	Trade Balance SA	(Jun)	-\$75.0B	-\$75.1B
08/07	Consumer Credit SA	(Jun)	\$9.1B	\$11.4B
08/08	Wholesale Inventories SA M/M (Final)	(Jun)	0.40%	0.20%



Russell Style Return

	WTD	Value	Blend	Growth	YTD	Value	Blend	Growth
Large	(2.01%)	(2.28%)	(2.57%)	8.84%	11.86%	13.79%		
Medium	(2.27%)	(2.61%)	(3.68%)	7.20%	5.99%	1.88%		
Small	(6.48%)	(6.82%)	(6.96%)	4.00%	4.64%	5.41%		