



## ECONOMIC REVIEW<sup>1</sup>

- The U.S. economy grew faster than expected in Q2 2024, with real gross domestic product (GDP) increasing at an annual rate of 2.8%, surpassing the forecasted 2.0% and up from the 1.4% growth in Q1.
- In the week ending July 20, initial jobless claims were 235,000, down 10,000 from the previous week's revised level of 245,000. The 4-week moving average increased to 235,500.
- On a month-over-month basis, personal consumption expenditures (PCE) increased by 0.1%, which was in line with expectations but slightly higher than May's unchanged reading. Year-over-year, PCE rose by 2.5%, also meeting expectations and slightly lower than May's 2.6% reading.
- Core PCE increased by 0.2% month-over-month, aligning with expectations but slightly higher than May's 0.1% reading. Core PCE rose by 2.6% on a year-over-year basis, slightly above the expected 2.5% and matching May's reading of 2.6%.

### How do GDP, initial jobless claims and PCE impact you?

- Despite strong economic growth, resilient job growth, and inflation remaining above the 2% target, markets are still anticipating rate cuts for both September and December. Lower rates would lead to reduced mortgage and credit card rates, benefiting consumers. The objective is to continue stimulating economic activity, which in turn supports stock market growth.
- Initial jobless claims, which track the number of people filing for unemployment benefits for the first time, are a key sign of economic health. These claims have stayed low, indicating a strong job market. This stability suggests businesses aren't laying off workers in large numbers, which helps support the economy and reduces the risk of a recession.



## A LOOK FORWARD<sup>1</sup>

- Next week investors will focus on three big data points, ISM manufacturing reading the Federal Reserve's (Fed) interest rate decision, and the July jobs report.

### How does ISM Manufacturing, the Fed, and the Jobs report impact you?

- ISM Manufacturing Numbers: Demand remains low as companies hesitate to invest due to current monetary policies and conditions. The index is at 48.5, below the recession average of 49.7, similar to levels before 7 of the last 12 recessions.
- Federal Reserve's Interest Rate Decision: The Fed is likely to hold rates steady this week. However, the September 18th meeting, just before the November election, could result in a rate cut.
- Unemployment Rate: After 30 months at 4% or below, June's unemployment rate rose to 4.1%. If this continues in July, it may signal slowing economic growth, though economic and stock market growth can sometimes diverge.



## MARKET UPDATE<sup>2</sup>

Market Index Returns as of 7/26/2024	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-0.82%	0.05%	15.35%	22.13%	9.13%	14.38%
NASDAQ	-2.08%	-2.10%	16.08%	24.50%	6.63%	16.76%
Dow Jones Industrial Average	0.77%	3.86%	8.84%	17.41%	7.17%	10.65%
Russell Mid-Cap	0.92%	3.77%	8.93%	14.14%	3.64%	9.70%
Russell 2000 (Small Cap)	3.47%	10.42%	12.34%	17.36%	2.47%	8.90%
MSCI EAFE (International)	-0.95%	1.03%	6.43%	9.49%	3.07%	6.76%
MSCI Emerging Markets	-1.56%	-0.87%	6.55%	6.23%	-2.46%	2.94%
Bloomberg Barclays US Agg Bond	0.27%	1.48%	0.76%	4.72%	-2.89%	0.07%
Bloomberg Barclays High Yield Corp.	0.29%	1.69%	4.31%	11.14%	2.12%	4.15%
Bloomberg Barclays Global Agg	0.34%	1.94%	-1.29%	2.28%	-5.23%	-1.55%



## OBSERVATIONS

- Equity markets were mixed as technology stocks drove the selloff. The Dow Jones led the way, rising 0.77%. The S&P 500 and tech-heavy NASDAQ fell -0.82% and -2.08%, respectively.
- Mid Cap equities rose 0.92% for the week while Small Caps, measured by the Russell 2000 Index, rose 3.47% and outperformed their large-cap counterparts.
- International and Emerging markets were negative last week, returning -0.95% and -1.56%, respectively.
- Fixed income indices produced positive returns last week. The Global Aggregate Bond Index rose 0.34%, the U.S. Aggregate Bond Index rose by 0.27%, and the High Yield Corporate Index rose 0.29%.



## BY THE NUMBERS

- **Olympic Medals, All the Glitters is Not Always Gold:** The Olympics gold medal weighs 529 grams, more than 95.4% of the medal is actually made of silver (505 grams). Six grams consists of pure gold, which serves as the plating for the medal, and 18 grams consists of iron, according to various reports. If the gold medal was made of pure gold, it would be valued at approximately \$41,161.50. This is why the last time pure gold medals were presented was in 1912. The silver medal weighs 525 grams with 507 grams made of silver and 18 grams of iron. Its value based on the July 24 silver spot price for silver and iron is approximately \$486. The bronze medal weighs 455 grams and consists of 415.15 grams of copper, 21.85 grams of zinc and 18 grams of iron. Its podium value is approximately \$13.<sup>3</sup>
- **Winter Olympics 2034 in Salt Lake City:** The International Olympic Committee has approved by an 83-6 vote that Salt Lake City, Utah, will host the 2034 Winter Olympics and the French Alps will host the 2030 Winter Games. The Salt Lake City nod will bring the games back to the 2002 host city, best known as the crucible from which Mitt Romney emerged triumphant, and will save organizers a bunch of money, too. Right now the organizers have proposed a \$2.83 billion operating budget for the games. Thanks to the Utah state legislature committing \$94 million in public money to maintain the 2002 Olympic facilities over the past several years rather than allow them to deteriorate as many other host cities have, lots of them will likely see reuse in the upcoming games. The Alps have a similar draw, with the region previously having hosted the '92 games.<sup>4</sup>



Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

**Bloomberg Barclays Global Agg:** The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

**Bloomberg Barclays Municipal Bond Index:** The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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<sup>1</sup> Data obtained from Bloomberg as of 7/26/2024

<sup>2</sup> Data obtained from Morningstar as of 7/26/2024

<sup>3</sup> <https://www.forbes.com/sites/anthonydemarco/2024/07/25/the-real-monetary-value-of-the-paris-2024-olympics-gold-medal/>

<sup>4</sup> <https://www.sportico.com/leagues/olympics/2024/salt-lake-city-2034-winter-olympics-host-1234790581/>

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