

MARKET VIEW WEEKLY

Ladenburg Asset Management



ECONOMIC REVIEW¹

- 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 FORWARD¹

- 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 UPDATE²

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 \$13.³
- **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.⁴

Economic Definitions

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

PCE (headline and core): PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

ISM Manufacturing Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

Initial Jobless Claims: Initial unemployment claims track the number of people who have filed jobless claims for the first time during the specified period with the appropriate government labor office. This number represents an inflow of people receiving unemployment benefits.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is

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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¹ Data obtained from Bloomberg as of 7/26/2024

² Data obtained from Morningstar as of 7/26/2024

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

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