

MARKET VIEW WEEKLY

Ladenburg Asset Management



ECONOMIC REVIEW¹

- The Consumer Price Index (CPI) was released on Wednesday and showed inflation moderating in-line with analyst projections. The headline figure came in at 2.9% year-over-year and rose 0.2% month-over-month.
 - Core CPI, which excludes the volatile food and energy sectors, came in 3.2% on a yearly basis and rose 0.2% on the month as well.
- This was the first time in three years that headline inflation dipped below three percent, marking definitive progress made by the Federal Reserve (Fed) in achieving price stability.
- Another inflation reading, the Producer Price Index (PPI), was released on Tuesday and corroborated the softening inflation picture painted by CPI.
 - The headline PPI figure rose 2.2% year-over-year, and 0.1% on a monthly basis. The core figure rose slightly higher to 2.4% on a yearly basis but was flat on the month.
- Investors also received retail sales data for July which gives key insights into where, and how much consumers are spending.
 - Retail sales rose 1.0% on a monthly basis, rising significantly higher than the forecasted 0.3% gain.
 - The increase was focused on automotive spending, but broader retail spending was strong as well.

How does inflation and retail sales data impact you?

- Inflation has been on the minds of consumers, investors, and businesses for the past three years. A return to normalcy and price stability is widely regarded as a positive sign for the economy.
 - The Fed's target of 2% inflation has not yet been obtained, but the trajectory of inflation has encouraged Fed officials to believe that their target is attainable.
 - This has led to the discussion of potential interest rate cuts in the near-term future.
- The service side of the economy is where consumers have felt the most pain from inflation, and the CPI report showed a continuation of that trend, with core services making up the lion's share of inflation.
 - The PPI report painted a different story, with the prices of final demand services falling by 0.2%.
- Consumer spending was one of the main points of resilience in the economy throughout 2023. A strong retail sales report for July is indicative of continued strength on behalf of the consumer.



A LOOK FORWARD¹

- This week investors will have their sights set on leading economic indicators, which are a group of 10 economic signals that give insight into both the health and direction of the economy.

How do the leading economic indicators impact you?

- The Leading Economic Index (LEI) has been an effective gauge for predicting recessions in previous cycles, however, because of the index's composition it may no longer be as predictive as it once was.
- The index still gives investors good insight into the health of the manufacturing sector of the economy, and the tightness of financial conditions.



MARKET UPDATE²

Market Index Returns as of 8/16/2024	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	3.99%	1.89%	17.47%	28.97%	9.38%	15.83%
NASDAQ	5.35%	-0.48%	18.00%	33.40%	7.20%	18.38%
Dow Jones Industrial Average	3.02%	4.16%	9.15%	20.31%	6.95%	11.74%
Russell Mid-Cap	2.65%	3.94%	9.10%	20.17%	3.41%	10.85%
Russell 2000 (Small Cap)	2.98%	4.74%	6.56%	17.50%	0.88%	8.94%
MSCI EAFE (International)	4.09%	2.81%	8.30%	17.86%	3.16%	8.27%
MSCI Emerging Markets	2.90%	1.26%	8.84%	15.16%	-1.91%	4.97%
Bloomberg Barclays US Agg Bond	0.53%	3.64%	2.91%	8.67%	-2.13%	-0.01%
Bloomberg Barclays High Yield Corp.	0.77%	2.67%	5.32%	12.92%	2.53%	4.52%
Bloomberg Barclays Global Agg	0.40%	4.44%	1.14%	7.36%	-4.38%	-1.49%



OBSERVATIONS

- Stocks rebounded after a weeklong selloff, with the tech-heavy NASDAQ rising 5.35%, and both the S&P 500 and the Dow rising in excess of 3% on the week.
- The market recovery affected companies of all sizes with mid-caps rising 2.65%, and small caps gaining 2.98% on the week.
- International stocks rose 4.09% on the back of recovering Japanese equities. Emerging market stocks performed strongly as well, returning 2.90%.
- Bond yields moved tepidly down, and prices (which move inversely to yields) rose recovering from a sharp selloff in the past week.



BY THE NUMBERS

- **U.S. Gymnast Jordan Chiles Ordered to Return Olympic Medal:** Jordan Chiles originally placed 5th in the women's individual floor event, with a score of 13.666, but after an inquiry was submitted by U.S. coach Cecile Landi, Chiles was awarded an additional tenth of a point for performing an element not noted by judges, moving her score to 13.766 officially putting her in 3rd place and on the podium. In general gymnasts receive four minutes after their routine to submit an inquiry, except the last athlete receives only one minute. The initial bronze finisher argued that Team USA submitted their appeal in one minute and four seconds, which, because Chiles was the last to perform, was four seconds over the deadline. Team USA issued an appeal to the ruling claiming to have definitive proof the ruling was submitted on time. The International Olympic Committee has refused to hear the evidence on behalf of Team USA and has ordered Chiles to return her medal.³
- **Ukraine Launches an Invasion Into Russia:** Ukraine launched an incursion into Kursk, Russia, marking the first invasion of the country since World War 2. The attack comes in the third year of the most recent conflict between the two neighboring countries. Ukrainian President Volodymyr Zelenskiy has argued that land captured in Russia could serve as a bargaining chip for the Russian-occupied Donetsk region of Ukraine in any form of negotiations. The current resolution for peace issued by Russian President Putin includes the demilitarization of Ukraine, its ban from joining NATO, and the ceding of any land currently occupied by Russia. This also comes as support for Ukraine is waning as many countries have grown tired of funding the defense of Ukraine without any progress towards a resolution in the conflict.⁴

Economic Definitions

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

Producer Prices - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold

Conference Board Leading Economic Index: Leading indicators include economic variables that tend to move before changes in the overall economy. These indicators give a sense of the future state of an economy.

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 8/16/2024

² Data obtained from Morningstar as of 8/16/2024

³ [Jordan Chiles addresses Olympic medal controversy: "I have no words" \(msn.com\)](#)

⁴ [Ukraine in maps: Tracking the war with Russia \(bbc.com\)](#)