

MARKET VIEW WEEKLY

Ladenburg Asset Management



ECONOMIC REVIEW¹

- The number of jobs added to the economy as measured by nonfarm payrolls increased 272,000 in May, beating analyst expectations of a 185,000 gain.
 - The two-month net revision figure for nonfarm payrolls was -15,000, after slight downward revisions to both previous months, but the focus was still on the blowout May figure.
- The unemployment rate rose slightly but this was to be expected after the participation rate fell slightly.
 - The participation rate for those aged 25-54, however, moved up to 83.6%.
 - When taken in conjunction with the declining overall participation rate, it implies that more older Americans are retiring than those entering the workforce, a sign of an ageing population.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.4% in May and are up 4.1% vs. a year ago.
 - Both figures rose from last month and beat expectations igniting wage growth inflationary concerns.
- The number of job openings as measured by the Job Openings and Labor Turnover (JOLTS) survey fell 296,000 from March to 8.1 million in April, the lowest level since February 2021 and well below the analyst expectations of 8.3 million.
- The number of jobs quit moved up slightly to 3.5 million from an upwardly revised 3.4 million in April.
 - The quits rate, which measures the percentage of people quitting their job as a portion of the whole workforce remained at 2.2% for the third consecutive month.

How does labor data impact you?

- Achieving maximum employment is one of the two goals of the Federal Reserve (Fed). Their second goal is to keep the level of inflation manageable. When the labor market remains strong, it allows the Fed to focus solely on their fight against inflation.
 - The robust labor report released this week resulted in a rise in interest rates because it contradicted other datapoints which suggested a moderating economy.
 - A moderating economy would likely lead to faster disinflation and the Fed cutting rates faster.



A LOOK FORWARD¹

- Next week will be important for markets with the Fed commencing their meeting and announcing their June rate decision.
- Additionally, the May Consumer Price Index (CPI), and Producer Price Index (PPI) reports will be released which should give more insight into the inflation picture within the U.S. economy.

How does inflation data and the Fed impact you?

- Markets, both equity and fixed income, have seen short-term performance tied to the Fed, as interest rate cuts and their prospective timing is top of mind for all investors.
- Falling inflation data, and a dovish Fed meeting could have positive implications for markets, whereas hotter than expected inflation and a hawkish Fed could mean interest rates will remain higher for longer, capping potential returns.



MARKET UPDATE²

Market Index Returns as of 6/7/2024	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	1.36%	2.04%	12.81%	26.42%	9.84%	15.10%
NASDAQ	2.40%	4.75%	14.51%	30.41%	8.00%	18.18%
Dow Jones Industrial Average	0.33%	-2.15%	3.86%	17.01%	6.03%	10.65%
Russell Mid-Cap	-1.20%	-3.87%	4.40%	16.30%	2.35%	9.84%
Russell 2000 (Small Cap)	-2.07%	-4.39%	0.56%	9.39%	-3.39%	7.45%
MSCI EAFE (International)	0.61%	1.83%	7.72%	15.50%	2.77%	7.49%
MSCI Emerging Markets	2.36%	3.40%	5.85%	10.84%	-5.54%	3.82%
Bloomberg US Agg Bond	0.44%	-0.44%	-1.21%	1.98%	-3.04%	-0.15%
Bloomberg High Yield Corp	0.43%	0.58%	2.06%	10.60%	1.76%	4.09%
Bloomberg Global Agg	0.30%	-0.95%	-3.01%	0.93%	-5.73%	-1.79%



OBSERVATIONS

- Large-cap equities performed well on the week, with the NASDAQ, S&P 500, and Dow Jones all posting positive returns fueled by mega-cap technology companies.
- Smaller companies lagged their large-cap peers, with the Russell mid-cap and Russell small-cap indices falling -1.20% and -2.07% respectively.
- International and emerging markets garnered positive returns as emerging market stocks led the way up 2.36%.
- Bond returns were positive as rates fell on the week despite an uptick on Friday. U.S. bonds performed more admirably than global fixed income, returning 0.44% for the aggregate index versus 0.30% for the international aggregate.



BY THE NUMBERS

Nvidia's Market Cap Crosses \$3 Trillion: A leader in the AI semiconductor space, Nvidia, crossed the \$3 trillion market capitalization threshold becoming only the third company to ever achieve the feat outside of Apple, and Microsoft. The company briefly surpassed Apple as the second largest company in the world as it continues to have a meteoric rise after doubling in size in 2024 and tripling in size in 2023. Microsoft took 649 calendar days to rise from \$2 trillion to \$3 trillion in market capitalization, while Apple took 718 days. Nvidia did it in 96 calendar days. The most recent earnings report showed profits rising sevenfold amid booming demand for artificial intelligence.³

USA Orchestrates Shock Defeat of Pakistan at Men's T20 Cricket World Cup: The thrilling win was the biggest in US cricket history and is already being regarded as one of the biggest upsets in the sport. The United States is making its first appearance at the T20 World Cup and is co-hosting the tournament for the first time, along with the West Indies. The magnitude of Thursday's victory cannot be understated. Cricket is far from a mainstream sport in the US, while Pakistan possesses significant cricketing pedigree, reaching the T20 World Cup final in 2022 and winning the competition in 2009. The US, which won its opening game against Canada and is currently top of Group A with four points, has two more group-stage games remaining, against India and Ireland. Remaining atop the group would see the US advance to the Super 8 knockout round.⁴

Economic Definitions

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

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.

Job Openings and Labor Turnover Survey – JOLTS: This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

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.

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 represents 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 6/07/2024.

² Data obtained from Morningstar as of 6/07/2024.

³ [Nvidia Market Cap Crosses \\$3 Trillion \(investopedia.com\)](https://www.investopedia.com/news/nvidia-market-cap-crosses-3-trillion/)

⁴ [USA orchestrates shock defeat of Pakistan at Men's T20 Cricket World Cup \(msn.com\)](https://www.msn.com/en-us/sports/cricket/news/usa-orchestrates-shock-defeat-of-pakistan-at-mens-t20-cricket-world-cup/)