



WEEK OF JULY 22, 2024

# Market Update

Small-cap stocks continued their rally but technology stocks struggled because of the global technology outage. Yields rose across the curve as investors questioned the impact of candidate policies on Treasuries.

## Quick Hits

- 1. Report releases:** Core retail sales surged in June, highlighting the continued resilience of American consumers.
- 2. Financial market data:** Technology stocks struggled after the world's largest tech outage.
- 3. Looking ahead:** Data this week will focus on housing, economic growth, and personal income and spending.

## Report Releases: July 15–19, 2024

### Retail Sales

June  
(Tuesday)

Retail sales exceeded analyst estimates last month. Headline sales were flat against calls for a modest decline. Core sales, which strip out the impact of volatile auto and gas sales, grew notably.

- Expected/prior month retail sales monthly change:  $-0.3\%/+0.3\%$
- Actual retail sales monthly change:  $+0.0\%$



### National Association of Home Builders Housing Market Index

May  
(Tuesday)

Home builder sentiment fell for the third consecutive month as high mortgage rates and home prices weighed on prospective homebuyers.

- Expected/prior month sentiment: 43/43
- Actual sentiment: 42

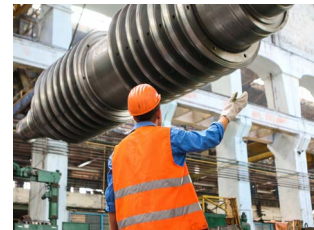


### Industrial Production

June  
(Wednesday)

Industrial production increased more than expected because of rising manufacturing production and capacity utilization.

- Expected/prior month production change:  $+0.3\%/+0.9\%$
- Actual production change:  $+0.6\%$



### Housing Starts and Building Permits

June  
(Wednesday)

Housing starts and building permits rebounded after falling more than expected in May.

- Expected/prior month housing starts monthly change:  $+1.8\%/-4.6\%$
- Actual housing starts monthly change:  $+3.0\%$
- Expected/prior month building permits monthly change:  $+0.1\%/-2.8\%$
- Actual building permits monthly change:  $+3.4\%$



## >> The Takeaway

- Retail sales stayed flat in June despite expectations for a 0.3 percent decline month-over-month.
- Despite stronger retail sales, housing showed signs of slowing as home building decelerated amid stagnant demand.

## Financial Market Data

### Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	-1.95%	0.88%	16.30%	22.38%
Nasdaq Composite	-3.65%	-0.02%	18.55%	24.47%
DJIA	0.73%	3.07%	8.01%	17.27%
MSCI EAFE	-2.39%	2.02%	7.92%	11.47%
MSCI Emerging Markets	-2.95%	0.76%	8.42%	9.93%
Russell 2000	1.69%	6.72%	8.56%	11.69%

Source: Bloomberg, as of July 19, 2024

Technology stocks struggled. The Nasdaq Composite fell more than 3.6 percent after a CrowdStrike upgrade affected Microsoft's Windows operating systems, leading to a global tech outage. Small-caps continued their recent rally as investors looked beyond mega-cap technology stocks.

### Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	0.38%	0.49%	3.13%
U.S. Treasury	0.29%	0.17%	1.95%
U.S. Mortgages	0.47%	0.43%	2.84%
Municipal Bond	0.49%	0.34%	3.28%

Source: Bloomberg, as of July 19, 2024

Treasury yields beyond the 2-year maturity rose slightly, with the 10-year increasing 5.2 basis points (bps). Investors continue to question how the fall election and presidential candidates will slow the growth of the U.S. deficit.

### >> The Takeaway

- Small-caps continued their rally; mega-cap tech stocks struggled after the global tech outage.
- Yields rose slightly across the curve as investors questioned how the presidential candidates' policies will affect U.S. Treasuries.

## Looking Ahead

This week, we expect data on housing, economic growth, and personal income and spending.

- The week kicks off on Tuesday with the release of **existing home sales**, which are expected to fall for the fourth consecutive month in June. Rising prices and still-high mortgage rates have been a headwind throughout the year.
- On Wednesday, we anticipate the release of the **advanced estimate of second-quarter GDP**. Economists expect to see a healthy 1.9 percent annualized growth rate, which would represent a solid increase from the 1.4 percent growth rate in the first quarter.
- **Durable goods orders** for June are expected on Thursday. Headline and core durable goods orders are both set to rise.
- Finally, the week wraps with **personal income and spending reports** for June. Both are expected to rise.





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companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent.

Authored by the Investment Research team at Commonwealth Financial Network®

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**Back Cove Financial**

56 Depot Road | Falmouth, ME 04105

207.541.9500 | 207.482.0969 fax | [www.backcovefinancial.com](http://www.backcovefinancial.com)