

# Market Update – July 15, 2024

## The Weekly Briefing

Earnings season began last week, kicked off by Pepsi, Delta Airlines, and large financial institutions including JPMorgan Chase, Wells Fargo, and Citi. Investors will be closely analyzing company reports and call transcripts in the coming weeks to glean insights on the strength of the economy and health of the consumer.

The big banks out Friday had largely similar comments. Management teams characterized the economy and consumer as healthy, although some weakness among low-income consumers was noted. Despite the strong economy, loan demand remains muted, pressured by elevated interest rates. Overall credit quality remains solid and charge-offs and credit card delinquencies are at moderate levels. Credit card spending continues to grow at a robust pace. Elevated spending in this channel is a bit of a mixed signal – strong consumption is a sign consumers are confident in their financial situation, however increased use of credit cards may suggest reliance on high-interest financing to make ends meet.

Comments from Pepsi and Delta Airlines could be interpreted to support the latter view. Pepsi, which operates the Frito Lays and Quaker Foods brands in addition to a portfolio of beverages, noted that consumers are increasingly price sensitive. The company intends to respond via targeted value offerings. Delta indicated that travel demand remains strong but reported a 2% decline in passenger yields (a measure of ticket prices).

Conservative pricing commentary from consumer-facing companies is a positive signal for inflation. Last week's cool CPI data also supported the view that inflation is returning to target. The headline CPI decreased -0.1% month-over-month, and both the headline and core index came in below expectations. Market-implied odds of a cut following the September meeting now sit at 95%, up from 75% a week ago.

### The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
BLK (bmo) GS (bmo)	Retail Sales BAC (bmo) MS (bmo) PGR (bmo) SCHW (bmo) UNH (bmo) IBKR (amc) JBHT (amc)	Building Permits Housing Starts Industrial Production JNJ (bmo) ELV (bmo) USB (bmo) KMI (amc) UAL (amc)	Initial Claims Continuing Claims ABT (bmo) BX (bmo) CTAS (bmo) MMC (bmo) TSM (bmo) ISRG (amc) NFLX (amc)	AXP (bmo) HAL (bmo) LVS(bmo) SLB (bmo)

### Market Snapshot

	Last Week	YTD	1yr
S&P 500	0.8%	18.6%	26.5%
DJIA	1.7%	7.2%	18.3%
Nasdaq 100	-0.5%	21.4%	31.7%
Russell 2000	5.4%	6.8%	12.9%
S&P 500 E/W	2.7%	7.8%	12.9%
2yr Yield	4.45%	+20bp	-29bp
10yr Yield	4.18%	+30bp	+33bp
VIX	12.5	0.0	(0.9)
WTI Crude	\$82.2	14.7%	8.5%
Gold	\$2,411	16.9%	23.2%
Bitcoin	\$56,366	34.4%	86.6%

### Economic Summary

	Actual	Expected	Prior (r)
Consumer Price Index - m/m	-0.1%	0.1%	0.0%
Consumer Price Index - y/y	3.0%	3.1%	3.3%
Core CPI - m/m	0.1%	0.2%	0.2%
Core CPI - yoy	3.3%	3.4%	3.4%
Initial Jobless Claims	222k	235k	239k
Continuing Claims	1,852k	1,860k	1,856k
Producer Price Index - m/m	0.2%	0.1%	0.0%
Producer Price Index - y/y	2.6%	2.3%	2.4%
UMich Consumer Sentiment	66.0	68.5	68.2

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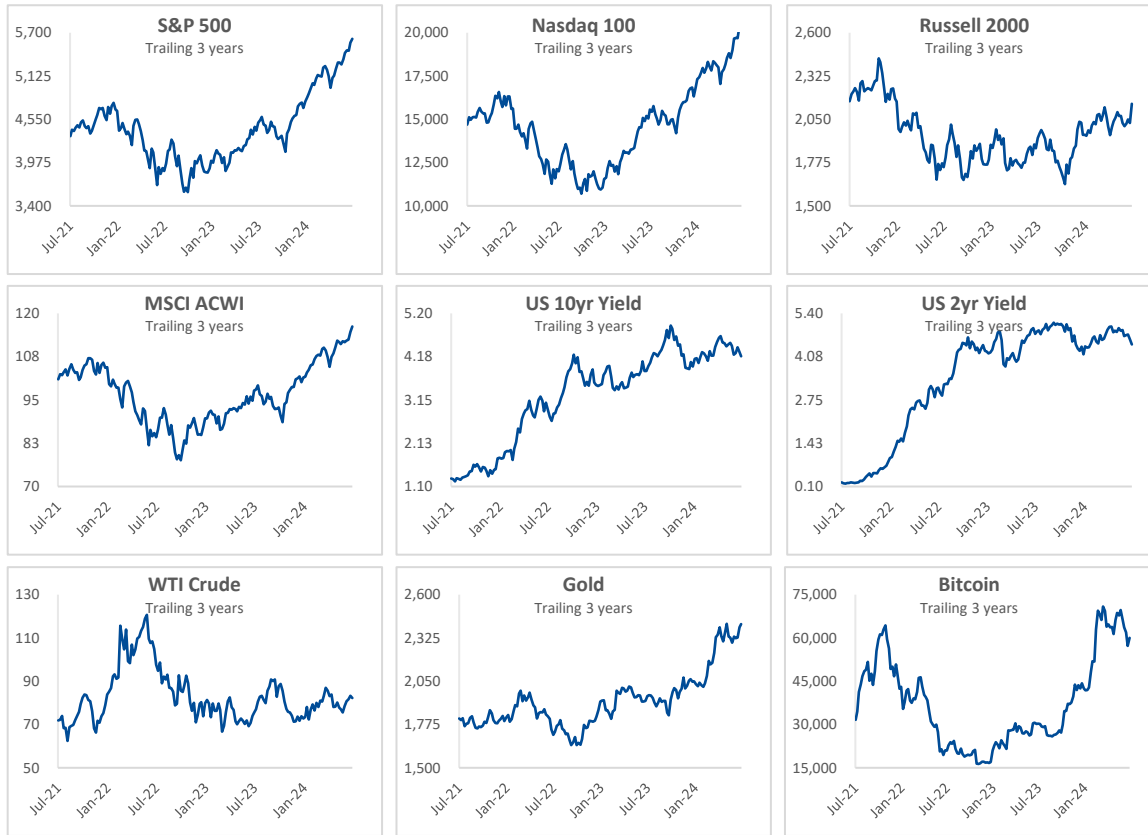
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# Markets Monitor



## S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
18.6%	19.4%	7.6%	9.1%
Energy	Financials	Healthcare	Industrials
9.7%	13.6%	9.5%	9.6%
Materials	Real Estate	Technology	Utilities
6.7%	1.5%	21.9%	14.3%

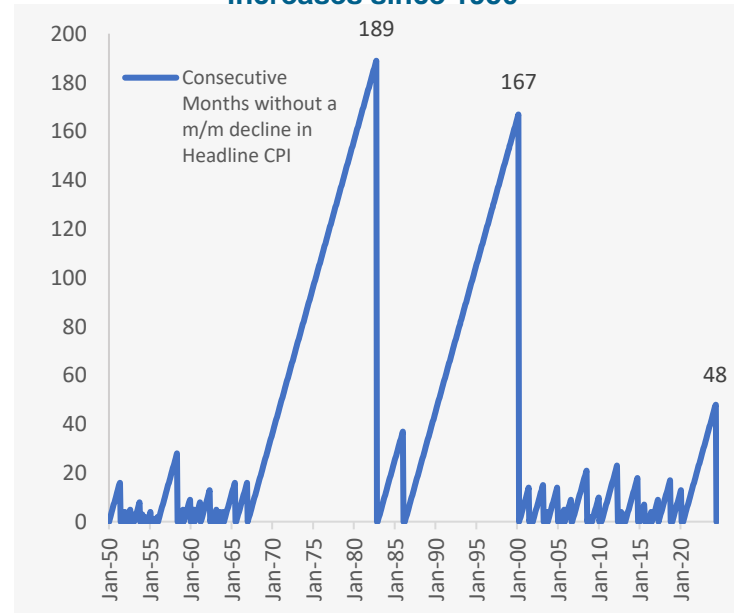
## Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
11-Jul	PEP	Beat	Miss	0.2%
	DAL	Miss	Miss	-4.0%
12-Jul	JPM	Beat	Beat	-1.2%
	WFC	Beat	Beat	-6.0%
	C	Beat	Beat	-1.8%
	BK	Beat	Beat	5.2%
	FAST	Beat	Miss	2.0%

## World Watch

	Last Week	YTD	1yr
MSCI ACWI	1.3%	15.1%	20.9%
MSCI Europe	2.2%	10.3%	13.2%
MSCI APAC	2.1%	12.5%	14.0%
DXY Index	104.1	2.7%	3.6%
EUR / USD	\$1.09	-2.0%	-3.6%
GBP / USD	\$1.30	1.9%	-0.9%
USD / JPY	157.9	12.0%	13.8%
USD / CNY	7.25	2.1%	1.2%

## The headline consumer price index ended the third longest streak of month-over-month increases since 1950



Sources: Bloomberg, CME Group, Logia Portfolio Management, Sunflower Bank.



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