

# Market Update – August 5, 2024

## The Weekly Briefing

Those wanting an assured path to lower rates had their wishes all but granted following last week's soft economic data. However, investors should be careful what they wish for, as that assurance came as a consequence of renewed recessionary fears given the soft data.

Risk assets came under significant pressure to end the week as investors fled to safety. The S&P 500 declined 2%, the Nasdaq 100 declined 3% and the Russell 2000 declined 5% for the week as a dovish midweek press conference from Fed Chairman Jerome Powell was overshadowed by soft economic data, disappointing earnings, and geopolitical tensions. The 10-year treasury yield ended the week at 3.79%, the lowest close in more than a year.

The most meaningful driver of risk off sentiment was likely the employment data released Friday. Nonfarm payrolls indicated that the economy added notably fewer jobs than expected in July, and job gains in prior months were revised lower – a trend that has become commonplace. More worrisome was the increase in the unemployment rate to 4.3%. This increase triggered the Sahm Rule which, [as we have discussed](#), has historically coincided with the beginning of a recession. Following the weak employment data, debate shifted from whether the Fed would cut in September to what size the cut will be. As of Friday's close, futures markets implied a 75% chance of a 50 basis point cut during the September meeting, up sharply from a mere 10% a week prior.

The jobs report compounded existing investor anxiety following largely disappointing earnings releases from favored tech stocks. Chip stocks Arm (-16%), Intel (-26%) and Qualcomm (-9%) fell significantly after reports that failed to meet lofty investor expectations. Amazon (-9%) was also punished for disappointing guidance. Apple (+0%) and Microsoft (-1%) were relatively unchanged despite solid results, while Advanced Micro Devices (+4%) and Meta (+5%) bucked the trend.

The recent bout of volatility and uncertainty reinforces the importance of a diversified all-weather portfolio that mitigates downside risk by investing in assets with low correlations.

### The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
ISM Services PMI	ABNB AMGN	DIS EQIX	Initial Jobless Claims	None
CSX	CAT MPC TDG UBER	MCK NVO	Continuing Claims	
			GILD LLY PH	

### Market Snapshot

	Last Week	YTD	1yr
S&P 500	-2.1%	13.0%	21.2%
DJIA	-2.0%	6.6%	15.7%
Nasdaq 100	-3.2%	10.1%	21.7%
Russell 2000	-5.6%	4.9%	9.4%
S&P 500 E/W	-1.9%	6.7%	12.3%
2yr Yield	3.88%	-0.37%	-0.88%
10yr Yield	3.79%	-0.09%	-0.24%
VIX	23.4	10.9	6.3
WTI Crude	\$73.5	2.6%	-11.2%
Gold	\$2,443	18.4%	26.2%
Bitcoin	\$62,552	49.2%	115.5%

### Economic Summary

	Actual	Expected	Prior (r)
JOLTS Job Openings	8,184k	8,000k	8,230k
ADP Payrolls	122k	150k	155k
Initial Jobless Claims	249k	236k	235k
Continuing Claims	1,877k	1,855k	1,844k
ISM Manuf PMI	46.8	48.8	48.5
Nonfarm Payrolls	114k	175k	179k
Unemployment Rate	4.3%	4.1%	4.1%
Avg Hrly Earnings - m/m	0.2%	0.3%	0.3%
Avg Hrly Earnings - y/y	3.6%	3.7%	3.8%

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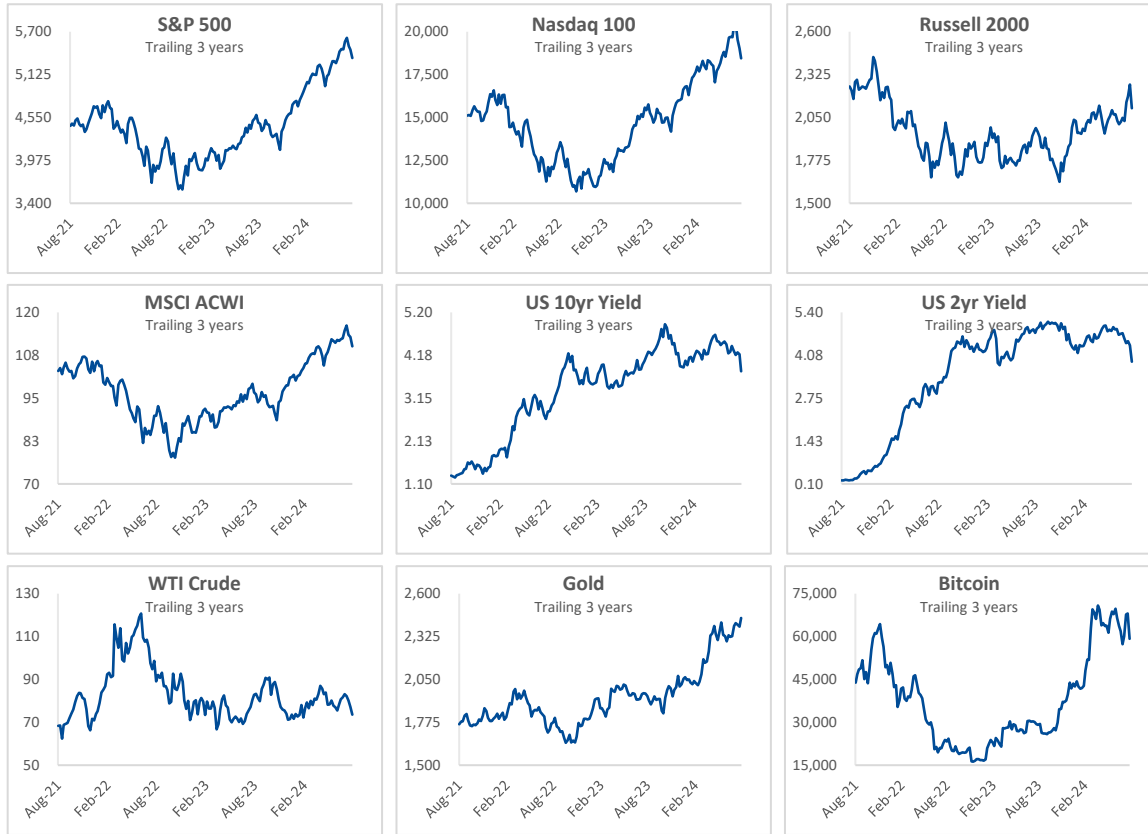
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# Markets Monitor



## S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
13.0%	17.2%	-1.1%	11.7%
Energy	Financials	Healthcare	Industrials
7.1%	12.7%	11.4%	8.4%
Materials	Real Estate	Technology	Utilities
6.1%	6.3%	6.7%	19.1%

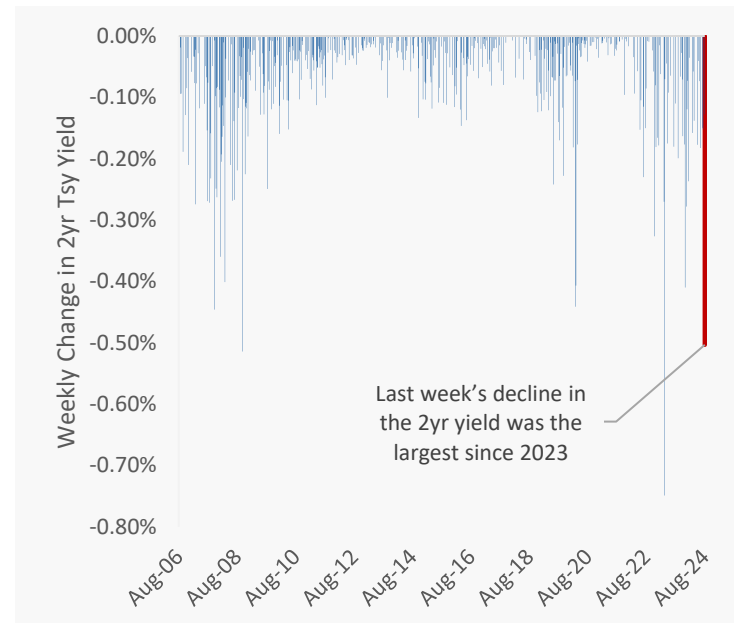
## Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
30-Jul	AMD	Beat	Beat	4.4%
	MSFT	Beat	Beat	-1.1%
31-Jul	META	Beat	Beat	4.8%
	QCOM	Beat	Beat	-9.4%
1-Aug	AAPL	Beat	Beat	0.7%
	AMZN	Beat	Miss	-8.8%
	INTC	Miss	Miss	-26.1%
2-Aug	XOM	Beat	Beat	-0.1%

## World Watch

	Last Week	YTD	1yr
MSCI ACWI	-2.1%	9.4%	16.1%
MSCI Europe	-1.7%	4.9%	10.2%
MSCI APAC	-2.1%	5.9%	8.7%
DXY Index	103.2	1.9%	1.2%
EUR / USD	\$1.10	-1.8%	-2.4%
GBP / USD	\$1.28	0.4%	0.0%
USD / JPY	142.5	1.1%	0.0%
USD / CNY	7.13	0.4%	-0.9%

## The 2yr Treasury yield posted the largest weekly decline since the 2023 bank failures



Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.



WEALTH MANAGEMENT

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