

Market Update – September 3, 2024

The Weekly Briefing

The final week of August contained two much anticipated releases – Nvidia’s earnings and PCE inflation and spending data.

Nvidia reported another quarter of eye-watering growth with quarterly revenue up 122% year-over-year. The company’s revenue has quadrupled over the last two years and the data center business has grown at a 300% compound annual rate for the past five quarters. Despite strong results, numbers fell short of lofty market expectations and the stock declined 6% the following day. Although quarterly numbers may have disappointed, the CEO waxed lyrical about the promise of artificial intelligence and the company’s future growth prospects; and investors clearly agree. Nvidia stock is up almost 150% this year through Friday’s close.

Regarding inflation, headline and core PCE inflation both rose 0.2% MoM in July, inline with consensus expectations. Core PCE inflation, the Fed’s preferred measure, rose at a 2.6% YoY rate, slightly lower than expected. The modest inflation reading provides further cover for the Fed to lower rates at their September meeting. Futures markets are fully priced for a cut and the remaining debate surrounds the size of the reduction. Consensus expects the Fed to lower the benchmark interest rate by 25 basis points.

The same release revealed that personal income and spending data was strong in July, assuaging fears of an imminent recession. Personal income rose 0.3% MoM, slightly ahead of expectations. Personal spending rose at a robust 0.5% MoM rate, equivalent to 6% on an annualized basis. Although spending growth has been strong, bears may point out that personal spending has outpaced personal income for five of the last six months.

The Fed will review two more key economic data points, August CPI and nonfarm payrolls, before making a final decision. A significant negative surprise would likely be needed for the Fed to cut by 50 basis points.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
	ISM Manufacturing PMI	JOLTs	Jobless Claims ADP Payrolls ISM Non-Manufacturing PMI	Nonfarm Payrolls Unemployment Rate Avg Hrly Earnings
	ZS	CPRT DKS DLTR	AVGO	KR

Market Snapshot

	Last Week	YTD	1yr
S&P 500	0.2%	19.5%	26.9%
DJIA	0.9%	11.7%	21.6%
Nasdaq 100	-0.8%	17.0%	27.4%
Russell 2000	0.0%	10.4%	17.2%
S&P 500 E/W	0.9%	12.5%	19.0%
2yr Yield	3.92%	-0.33%	-0.96%
10yr Yield	3.90%	0.02%	-0.28%
VIX	15.0	2.6	1.9
WTI Crude	\$74.1	3.4%	-13.4%
Gold	\$2,495	20.9%	28.4%
Bitcoin	\$64,244	53.2%	146.7%

Economic Summary

	Actual	Expected	Prior (r)
Initial Jobless Claims	231k	232k	233k
Continuing Claims	1,868k	1,870k	1,855k
Personal Income - m/m	0.3%	0.2%	0.2%
Personal Spending - m/m	0.5%	0.5%	0.3%
PCE Price Index - m/m	0.2%	0.2%	0.1%
Core PCE Price Index - m/m	0.2%	0.2%	0.2%
PCE Price Index - y/y	2.5%	2.5%	2.5%
Core PCE Price Index - y/y	2.6%	2.7%	2.7%

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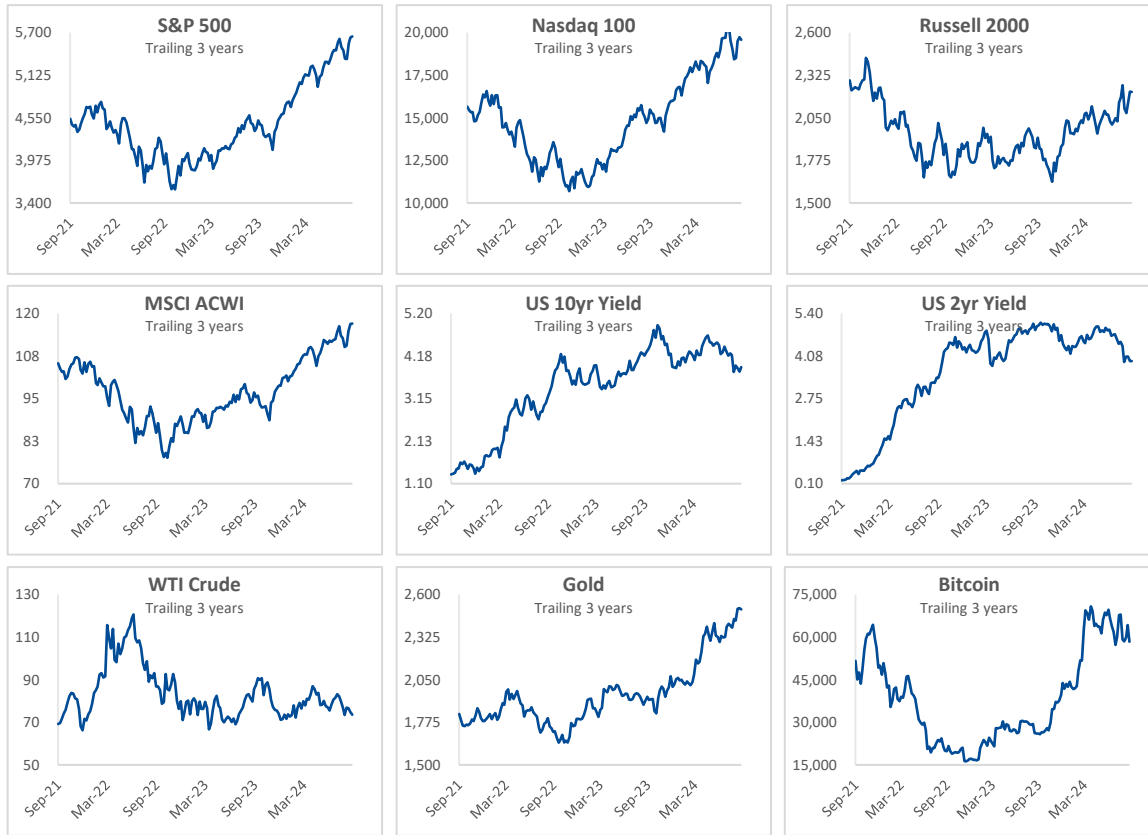
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Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
19.5%	20.8%	5.1%	16.2%
Energy	Financials	Healthcare	Industrials
10.6%	22.6%	16.1%	16.1%
Materials	Real Estate	Technology	Utilities
11.1%	10.6%	14.9%	22.4%

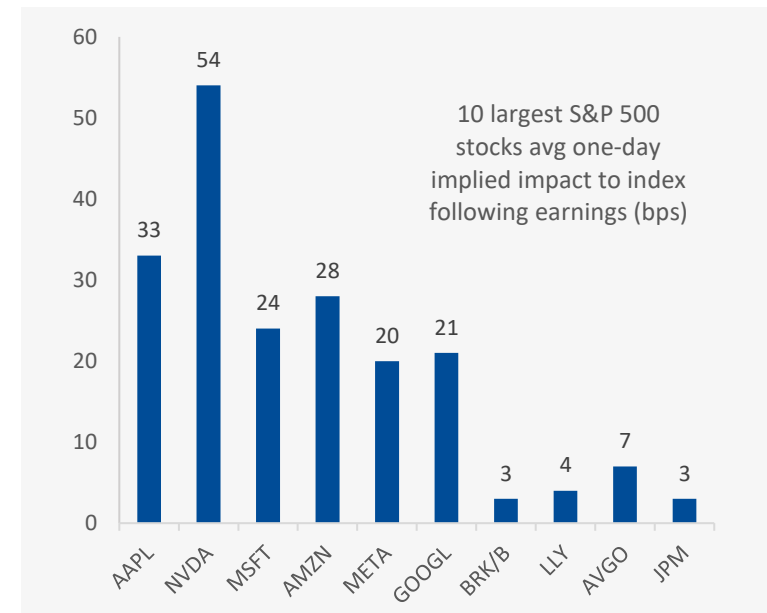
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
26-Aug	PDD	Beat	Miss	-28.5%
28-Aug	CRM	Beat	Beat	-0.7%
	CRWD	Beat	Beat	2.8%
	NVDA	Beat	Beat	-6.4%
29-Aug	ADSK	Beat	Beat	0.1%
	DG	Miss	Miss	-32.2%
	DELL	Beat	Beat	4.3%
	LULU	Beat	Miss	0.2%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	0.3%	15.9%	23.1%
MSCI Europe	0.3%	12.3%	20.3%
MSCI APAC	-0.1%	11.3%	16.8%
DXY Index	101.7	0.3%	-2.5%
EUR / USD	\$1.11	-0.8%	0.8%
GBP / USD	\$1.31	3.2%	4.1%
USD / JPY	146.7	4.0%	0.2%
USD / CNY	7.12	0.3%	-2.1%

Nvidia's earnings have the highest implied impact on the S&P 500 given its size and expected volatility



Sources: Bespoke, Sunflower Bank, Logia Portfolio Management.



WEALTH MANAGEMENT

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