

Market Update – August 19, 2024

The Weekly Briefing:

Economic data beat expectations last week and propelled the S&P 500 to its best week of the year, ending a recent losing streak. Subdued inflation numbers and better than expected consumer data renewed investor optimism. Two weeks ago, weak employment data had markets on edge and helped spark a broad sell-off. Since then, markets have swiftly rallied, and those concerns feel like a distant memory.

After threatening a resurgence during the 1st quarter of this year, inflation pressures again seem to be on the gradual path towards the Fed's target rate. July Headline CPI came in slightly better than expected last week and marked the first sub 3% YoY reading since March 2021. Core CPI, which removes the volatile impact of food and energy costs, held at 3.2%, due to persistently high housing costs. Encouragingly, services ex- housing costs (known as super core inflation) have shown signs of cooling after surging during the first quarter. While the super core YoY comparison remained far too high at 4.5%, the prior three readings have increased at just a 0.4% annualized rate. The path of inflation bears continued watching, but it's now less likely to be an impediment to lower rates in the Fed's easing decision at the September FOMC meeting. Labor market conditions will likely take on outsized importance in the lead up to the meeting.

Weekly jobless claims again fell by more than expected last week and assuaged investors' concerns that a recent spike in the unemployment rate portended a recession. Additionally, July retail sales posted their best MoM reading since January 2023 and indicated that consumer demand remains healthy. Retail Sales rose 1% vs. expectations for 0.4% growth in July. Sales were broad based and rose in nearly every category. Auto sales were the primary contributor to the beat, rising by 3.6%. Much of this growth was likely due to a recovery in sales from June, when auto dealerships were crippled from a cyberattack on CDK Global, a provider of sales software used widely across the industry. Core retail sales, which strips out volatile categories including autos, came in at 0.4% vs. expectations for 0.1%. The strength in core sales is key, as this metric feeds into the consumer spending component of GDP, a roughly 68% weight. The outlook for growth still looks positive, with GDP anticipated to rise by over 2% in the third quarter based on available data.

Given job market wariness and improvement in recent CPI readings, the Fed likely has cover to initiate a rate cut at the September FOMC meeting. Recent market implied odds have vacillated between a 0.25% and 0.50% cut in September, with a 0.25% cut currently favored. August employment data will be crucial in determining the Fed's next move.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
		FOMC Meeting Minutes	Jobless Claims Existing Home Sales	New Home Sales
EL PANW	LOW	TGT ZM	INTU	



WEALTH MANAGEMENT

Market Snapshot

	Last Week	YTD	1yr
S&P 500	3.8%	17.2%	27.7%
DJIA	3.0%	9.2%	19.4%
Nasdaq 100	5.4%	16.6%	32.2%
Russell 2000	2.7%	6.2%	15.8%
S&P 500 E/W	2.3%	9.0%	17.2%
2yr Yield	4.09%	-0.16%	-0.87%
10yr Yield	3.91%	0.03%	-0.34%
VIX	14.8	2.4	-1.98
WTI Crude	\$76.7	7.0%	-3.4%
Gold	\$2,508	21.6%	32.6%
Bitcoin	\$59,290	41.4%	104.9%

Economic Summary

	Actual	Expected	Prior (r)
CPI - m/m	0.2%	0.2%	-0.1%
CPI - y/y	2.9%	3.0%	3.0%
Core CPI - m/m	0.2%	0.2%	0.1%
Core CPI - y/y	3.2%	3.2%	3.3%
PPI - m/m	0.1%	0.2%	0.2%
PPI - y/y	2.2%	2.3%	2.7%
Retail Sales - m/m	1.0%	0.4%	-0.2%
Core Retail Sales - m/m	0.4%	0.1%	0.5%
Initial Jobless Claims	227k	236k	234k

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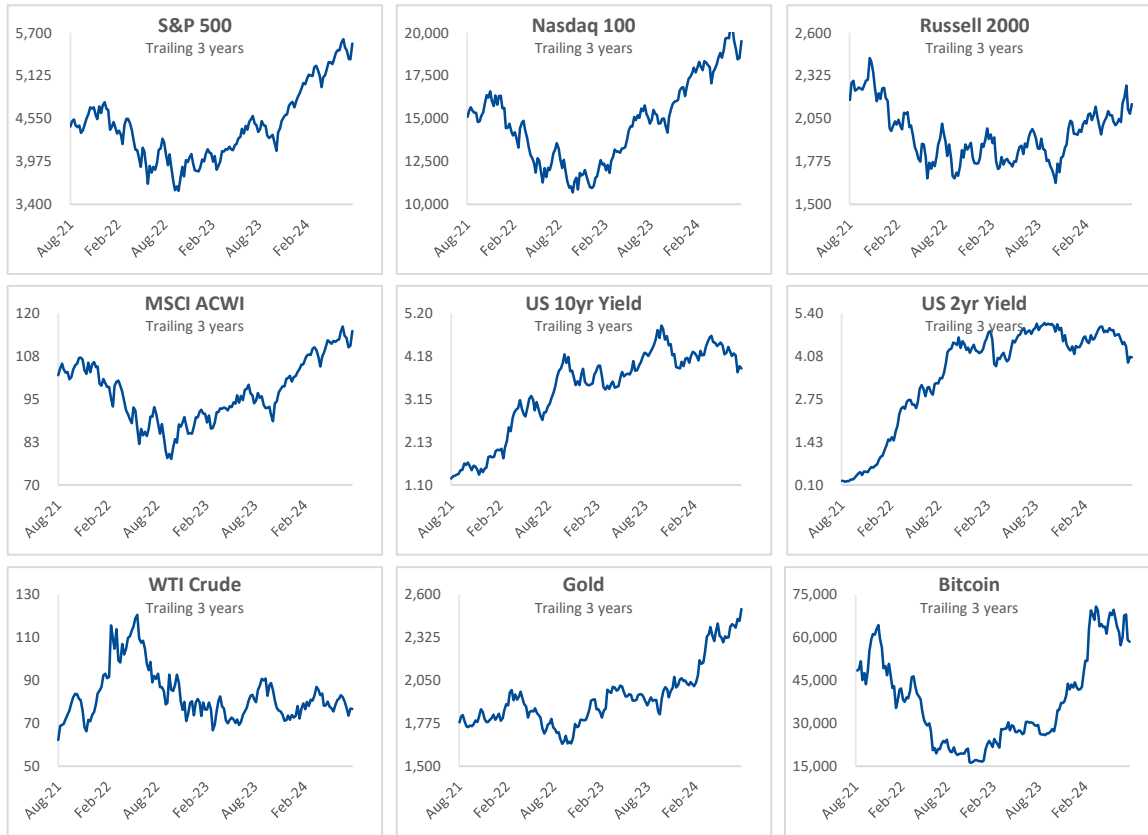
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Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
17.5%	19.3%	2.9%	13.4%
Energy	Financials	Healthcare	Industrials
9.6%	17.3%	12.9%	12.1%
Materials	Real Estate	Technology	Utilities
6.8%	6.3%	15.4%	19.5%

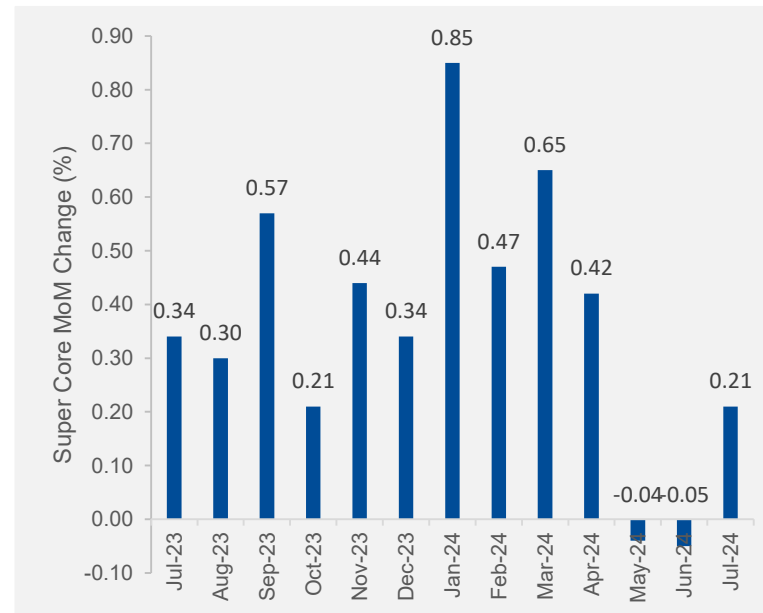
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
13-Aug	HD	Beat	Miss	1.2%
14-Aug	CSCO	Beat	Beat	6.8%
15-Aug	WMT	Beat	Beat	6.6%
	AMAT	Beat	Beat	-2.9%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	3.3%	13.0%	22.7%
MSCI Europe	2.8%	8.2%	15.8%
MSCI APAC	1.8%	6.9%	14.5%
DXY Index	103.0	1.6%	-0.4%
EUR / USD	\$1.10	-1.1%	-0.4%
GBP / USD	\$1.29	1.7%	1.7%
USD / JPY	147.6	4.7%	0.9%
USD / CNY	7.16	0.8%	-1.9%

Services inflation has cooled drastically the prior three months after surging to begin the year.



Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.



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