

Weekly Recap

Economic Calendar

Monday, August 5

S&P and ISM U.S. Services PMIs.

Tuesday, August 6

U.S. Trade Deficit.

Wednesday, August 7:

Mortgage Activity, Consumer Credit.

Thursday, August 8

Jobless Claims, Wholesale Trade Sales & Inventories.

Friday, August 9

No Major Releases.

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[Bond Yields Tumble](#)

[Labor Costs Slow, Output Climbs](#)

[Job Openings Fall to 3-Year Low](#)

[The Week Ahead Video](#)

Federal Reserve Defers Rate Cut

Small Caps Retrace Recent Gains

U.S. stocks fell last week amid increased concerns for a slowing economy following a weak July jobs report and a jump on the nation's unemployment rate to 4.3%, the highest since October 2021. As widely expected, Federal Reserve policymakers voted to hold interest rates unchanged at the July month-end meeting. Wall Street was also stung by underwhelming earnings from Big Tech companies, including two Magnificent Seven mega caps. Chipmakers were especially hard hit with the PHLX Semiconductor Index skidding 9.7% while small caps gave back most of their recent gains.

For the Week...

The S&P 500 fell 2.05%, the Dow Jones Industrial Average lost 2.10% and the tech-heavy Nasdaq Composite slumped 3.34%. The small cap-focused Russell 2000 skidded 6.66% after gaining 3.47% the week prior.

Factory Orders Weaken

U.S. June factory orders fell 3.3% (-2.7% expected) extending a 0.5% May decline. However, June orders excluding transportation rose 0.4%, rising slightly slower from May's 0.5% increase. Unfilled orders fell 1.4%, ending a string of 46 straight monthly increases.

Weekly Sector Insights

Six of the 11 sector groups ended negative last week, with Consumer Discretionary (-4.28%), Technology (-4.02%), and Energy (-3.64%) falling the most. Utilities (+4.36%), Real Estate (+2.80%), and Communication Services (+1.26%) posted the largest gains. Year-to-date, Communication Services (+20.33%), Utilities (+19.24%), and Technology (+18.93%) are up the most in 2024.

Treasury Yields Fall Sharply

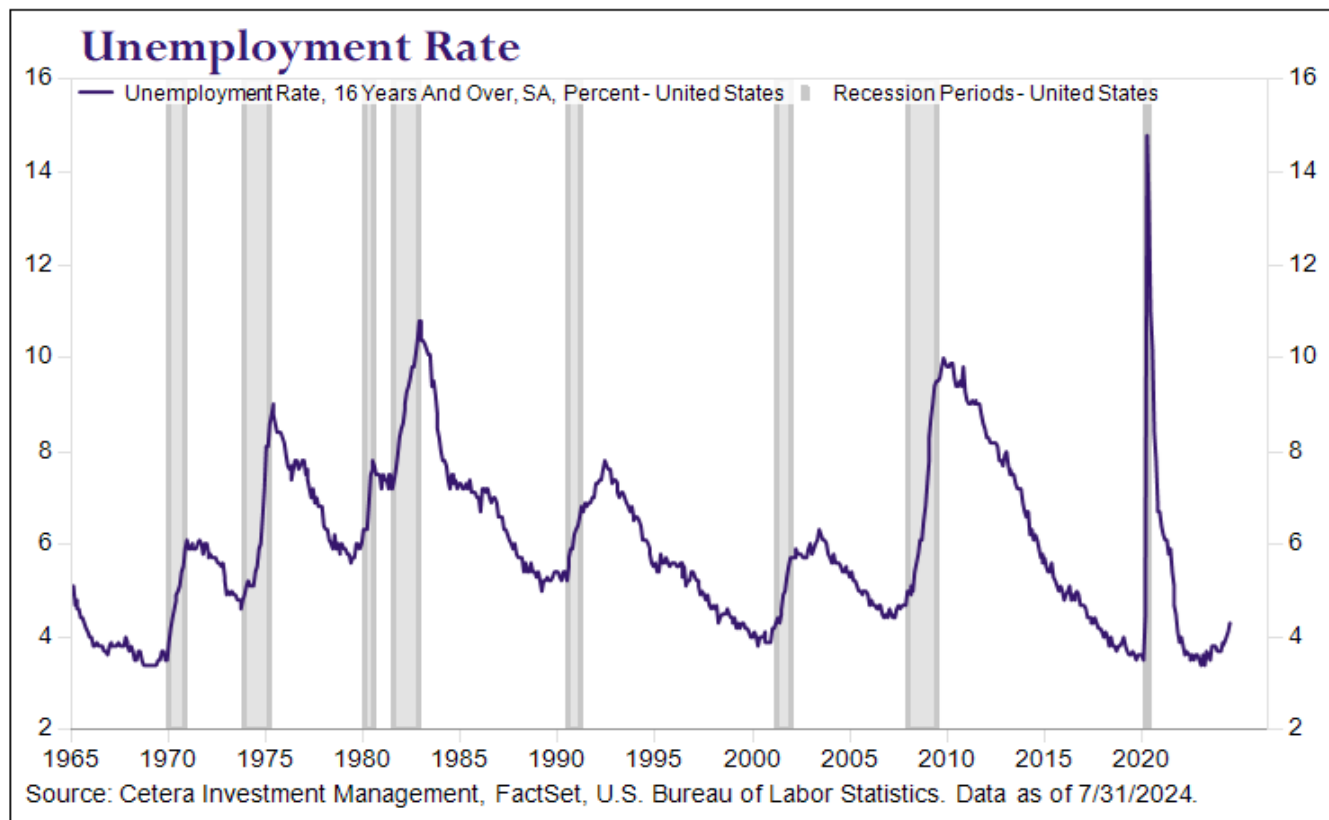
The yield on 10-year Treasury notes ended Friday at 3.795%, down 40 basis points (-0.40%) for the week as markets priced in 70% odds for a 0.50% Fed rate cut in September. The U.S. Dollar Index tumbled 1%. Gold futures rallied 3.7% in safe-haven buying, while U.S. WTI crude oil futures fell 4.7% to \$73.52/barrel.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-2.10%	-2.71%	4.46%	6.56%	14.94%	6.64%
S&P 500	-2.05%	-3.18%	5.95%	12.99%	20.24%	8.48%
NASDAQ Composite	-3.34%	-4.68%	6.10%	12.20%	20.98%	5.37%
Russell 3000	-2.47%	-3.49%	5.35%	11.63%	18.89%	6.89%
Russell 2000	-6.66%	-6.43%	4.99%	4.86%	8.87%	-0.22%
MSCI EAFE	-1.96%	-3.77%	1.06%	4.35%	10.12%	1.90%
MSCI Emerging Markets	-1.00%	-2.16%	1.88%	5.48%	6.69%	-3.83%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	2.43%	1.58%	5.90%	3.21%	7.69%	-2.20%
Bloomberg Municipal Bonds	1.03%	0.95%	2.89%	1.46%	5.46%	-0.56%
Bloomberg US Corp High Yield	-0.05%	-0.31%	3.28%	4.26%	11.46%	2.06%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-1.18%	-1.75%	-4.79%	-0.87%	-4.80%	3.16%
S&P GSCI Crude Oil	-4.72%	-5.63%	-6.88%	2.61%	-7.51%	1.05%
S&P GSCI Gold	1.73%	-0.13%	6.94%	19.21%	25.05%	10.66%

Source: Cetera Investment Management, FactSet. Total returns used, which includes dividends and interest.

Chart of the Week: Rising Unemployment Rate



The labor market softened in July. Nonfarm payrolls increased by 114,000, missing expectations of +175,000. The unemployment rate rose to a 33-month high of 4.3%. Markets have fully priced in a Fed rate cut of 0.25% in September, but the probability of a 0.50% rate cut is increasing because of weakening labor market dynamics.

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A diversified portfolio does not assure a profit or protect against loss in a declining market.

Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.

The **PHLX Semiconductor Sector** is a Philadelphia Stock Exchange capitalization-weighted index composed of the 30 largest U.S. companies primarily involved in the design, distribution, manufacture, and sale of semiconductors. It was created in 1993 by the Philadelphia Stock Exchange.