

WEEK OF JUNE 24, 2024

# Market Update

Nvidia was down last week despite a strong rally in which it briefly became the largest stock by market capitalization. Its move lower dragged growth and technology stocks down. Treasuries sold off in unison across the curve.

## Quick Hits

- 1. Report releases:** Housing starts and existing home sales slowed in May, signaling a cooling housing market.
- 2. Financial market data:** Nvidia fell, dragging growth stocks with it.
- 3. Looking ahead:** This week will focus on consumer confidence and business sentiment.



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## Report Releases: June 17–21, 2024

### Retail Sales May (Tuesday)

Retail sales came in below economist estimates after falling modestly in April.

- Expected/prior month retail sales monthly change: +0.3%/–0.2%
- Actual retail sales monthly change: +0.1%



### Industrial Production May (Tuesday)

Industrial production surged, driven by rising manufacturing production and capacity utilization.

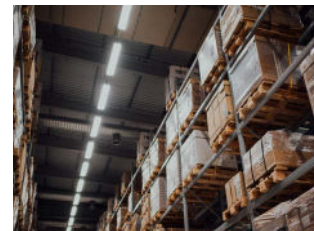
- Expected/prior month production change: +0.3%/+0%
- Actual production change: +0.9%



### National Association of Home Builders Housing Market Index June (Wednesday)

Home builder sentiment fell to its lowest point this year as high mortgage rates and prices weighed on prospective homebuyers.

- Expected/prior month sentiment: 46/45
- Actual sentiment: 43



### Existing Home Sales May (Friday)

The pace of existing home sales slowed, marking three consecutive months with slowing sales growth.

- Expected/prior month existing home sales change: –1%/–1.9%
- Actual existing home sales change: –0.7%



## >> The Takeaway

- Data was mixed last week, with softer retail sales and strong manufacturing production.
- The housing market also saw mixed data, with June sentiment turning sour but home sales faring better than expected.

## Financial Market Data

### Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	0.63%	3.65%	15.36%	27.08%
Nasdaq Composite	0.01%	5.76%	18.26%	32.02%
DJIA	1.50%	1.31%	4.87%	17.68%
MSCI EAFE	0.07%	-1.96%	4.97%	10.83%
MSCI Emerging Markets	0.98%	3.88%	7.42%	11.06%
Russell 2000	0.80%	-2.22%	0.40%	10.19%

Source: Bloomberg, as of June 21, 2024

Value stocks outperformed growth. Nvidia became the largest stock in the world by market capitalization, briefly passing Microsoft before relinquishing the top spot later in the week. This drove down growth stocks, whereas consumer discretionary, energy, and financials were among the top performing sectors. Utilities, technology, and real estate fared worst as home sales continued to soften.

### Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	1.60%	-0.07%	2.89%
U.S. Treasury	1.57%	-0.31%	1.58%
U.S. Mortgages	2.07%	-0.10%	2.47%
Municipal Bond	1.76%	-0.18%	3.53%

Source: Bloomberg, as of June 21, 2024

The Treasury yield curve was little moved, with a relatively parallel shift higher. The 2-year rose 4.5 basis points (bps) to close the week at 4.73 percent, the 10-year grew 5 bps to 4.26 percent, and the 30-year increased 5 bps to 4.4 percent.

### >> The Takeaway

- Given its size, Nvidia is worth watching for a potential rotation away from artificial intelligence names.
- Treasuries sold off slightly.



## Looking Ahead

This week will focus on consumer confidence and business sentiment. Highlights include data on consumer confidence, durable goods orders, and personal income and spending.

- The week kicks off on Tuesday with the release of the **Conference Board Consumer Confidence Index** for June. Consumer confidence is expected to fall modestly after improving more than expected in May.
- Throughout the week, we will see several **regional services and manufacturing data points** from Federal Reserve Banks in Dallas, Philadelphia, Chicago, and Richmond.
- On Thursday, we expect the preliminary release of **durable goods orders** for May. Headline durable goods orders are set to remain unchanged, whereas core goods orders are expected to rise.
- Finally, on Friday we'll receive the **personal income and spending report** for May. Personal income and spending are set to rise after smaller-than-expected increases in April.







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