



Capital Markets Snapshot

Courtesy of Sage Advisors

Week ending July 12, 2024

The Consumer Price Index fell 0.1% from May to June, beating the expectation for 0.1% increase over the month and marking its first monthly decline since May 2020. This resulted in annual inflation falling from 3.3% last month to 3.0%, which is a 3-year low. On the back of this encouraging data, bond yields fell last week and equity markets experienced an uptick in volatility. This was evidenced by tech stocks starting the week strong then experiencing their worst one-day decline since mid-April on Thursday and recovering to end the week positive. It was a week of market rotations, as we saw the Dow Jones outpace the Nasdaq and S&P, value outperform growth, and small caps rally against their large cap peers. Following the inflation data, expectations for the Federal Reserve to be cutting rates at their September meeting greatly increased.

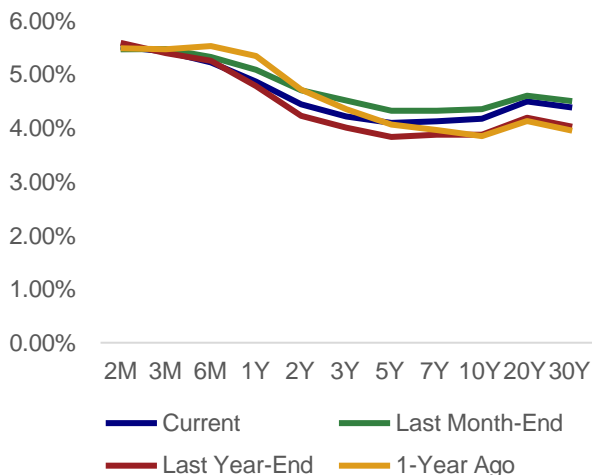
Fixed Income Markets Overview

- Yields fell across the yield curve following last week's inflation release, ranging from 1 to 17 basis points. The 1- and 2-month rates fell the least only reducing 1 basis point, while the 3-year rate fell the most at 17 basis points.
- When examining the total change across the curve, we saw the greatest reduction in yields on Treasuries ranging from 6 months to 10 years, while the shorter- and longer-term rates fell more modestly.
- Market expectations for an upcoming Federal Reserve rate cut jumped dramatically over the past week from an expected probability of 75% on July 5 to 94.5% on July 12. However, we did see some discouraging data in the Producer Price Index climbing 0.2% month over month and coming in above expectations at 2.6% on a year-over-year basis. With several additional inflation releases before September's meeting, there is no guarantee the current expectation holds.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.4%	2.1%	0.8%	1.4%
Core Plus	Intermediate Govt/Credit	0.6%	1.6%	-0.9%	1.0%
	International Aggregate	1.1%	-1.5%	-5.1%	-1.6%
	US Aggregate	0.8%	0.8%	-2.6%	0.1%
	US Treasury	0.7%	0.4%	-2.9%	-0.3%
	US TIPS	0.4%	1.8%	-1.3%	2.3%
	US Corporate	0.8%	1.3%	-2.5%	1.1%
	US Corporate High Yield	0.8%	3.7%	1.9%	4.1%
Other	Emerging Markets Aggregate	0.9%	3.6%	-1.8%	0.7%
Muni	US Municipals	0.5%	0.2%	-0.9%	1.2%
	US Municipals High Yield	0.7%	4.8%	0.0%	3.1%

Source: Bloomberg as of July 12, 2024

U.S. Treasury Yield Curve



Source: Bloomberg and U.S Treasury as of July 12, 2024

Interest Rates (%)

Date	7/12/2024	6/28/2024	12/29/2023	7/12/2023
Federal Funds Rate	5.47%	5.47%	5.60%	5.36%
3 Month Treasury	5.43%	5.48%	5.40%	5.47%
6 Month Treasury	5.23%	5.33%	5.26%	5.53%
2 Year Treasury	4.45%	4.71%	4.23%	4.72%
5 Year Treasury	4.10%	4.33%	3.84%	4.07%
10 Year Treasury	4.18%	4.36%	3.88%	3.86%
30 Year Treasury	4.39%	4.51%	4.03%	3.96%
US Aggregate	4.75%	5.00%	4.53%	4.78%
US Corporate	5.22%	5.48%	5.06%	5.45%
US Corporate High Yield	7.67%	7.91%	7.59%	8.37%
US Municipal	3.62%	3.72%	3.22%	3.55%
US Municipal High Yield	5.38%	5.43%	5.57%	5.74%

Spreads Over 10-Year US Treasuries

Date	7/12/2024	6/28/2024	12/29/2023	7/12/2023
30 Year Treasury	0.21%	0.15%	0.15%	0.10%
US Aggregate	0.57%	0.64%	0.65%	0.92%
US Corporate	1.04%	1.12%	1.18%	1.59%
US Corporate High Yield	3.49%	3.55%	3.71%	4.51%
US Municipal	-0.56%	-0.64%	-0.66%	-0.31%
US Municipal High Yield	1.20%	1.07%	1.69%	1.88%

Source: Bloomberg and U.S. Treasury as of July 12, 2024

Equity Markets Overview

- Finishing the week with small gains in the Nasdaq and S&P 500 continue to post record highs, while the Dow Jones saw the largest gain for the week after rising nearly 2% and nearly breaking its record high from 2 months ago.
- Small cap stocks outperformed their large cap peers (5.3% vs 0.9%, respectively), with much of their growth following the inflation data release; however, small caps still lag large caps on a year-to-date basis by a wide margin (3.4% vs 18.6%, respectively).
- Across all market cap sizes, value stocks outpaced their growth peers last week, but still lag on a year-to-date basis. As expectations of rate cuts increase, investors are questioning if the rotation into value stocks can persist or if growth stocks will continue their recent dominance.
- Sectors were largely positive for the week, with Defensive and Cyclical sectors outperforming their Sensitive peers. Real Estate saw the largest gain at 4.83% followed by Basic Materials at 3.37%, while Communication Services and Energy sectors were the only losers for the week falling 68 and 82 basis points, respectively.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	1.2%	17.7%	10.0%	14.7%
Large-Cap	S&P 500	0.9%	18.6%	10.4%	15.1%
	S&P 500 Growth	-0.1%	27.8%	9.6%	17.0%
	S&P 500 Value	2.4%	8.1%	10.2%	11.9%
Mid-Cap	S&P Midcap 400	4.3%	9.5%	5.9%	10.8%
	S&P Midcap 400 Growth	4.0%	15.0%	5.3%	10.8%
	S&P Midcap 400 Value	4.7%	3.8%	6.2%	10.2%
Small-Cap	S&P Smallcap 600	5.3%	3.4%	2.0%	9.0%
	S&P Smallcap 600 Growth	4.8%	7.5%	2.2%	9.2%
	S&P Smallcap 600 Value	5.9%	-0.6%	1.7%	8.4%
Int'l.	MSCI ACWI ex-USA	2.2%	10.2%	1.8%	6.4%
	MSCI EM	1.8%	11.5%	-3.1%	3.9%

Source: Bloomberg as of July 12, 2024

Alternative Markets Overview

- Oil prices declined slightly on the backs of weaker US consumer sentiment and increased expectations of an impending rate cut. Brent crude futures fell almost 2% to just over \$85 per barrel, and US West Texas Intermediate futures fell just over 1% to \$82.21 per barrel.
- Bitcoin's price recovered slightly with just over a 2% gain for the week. The cryptocurrency has experienced several weeks of chop that some expect to subside following the recent end of Germany's sale of 50,000 bitcoin it received in January.
- The price of gold continues to climb last week rising 3% following the inflation data and increased rate cut expectations.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-1.7%	10.9%	12.4%	7.7%
Gold	3.0%	19.2%	10.8%	11.6%
FTSE All Equity NAREIT	4.4%	1.9%	-1.2%	3.8%
Bitcoin	2.1%	37.4%	21.3%	37.7%
Ethereum	4.5%	35.4%	17.4%	62.6%

Source: Bloomberg as of July 12, 2024



Upcoming Week

- Economic releases to monitor this week can help gauge the health of U.S. businesses (Business Inventories, Retail Sales, Capacity Utilization, and Industrial Production), the housing market (NAHB Housing Market Index, Building Permits, Housing Starts, and MBA Mortgage Applications Index), and the labor market (Initial Claims and Continuing Claims).
- Another notable economic release is the Conference Board's Leading Economic Indicator Index on Friday.
- It will be a busy week of second quarter earnings releases, including notable releases from Johnson & Johnson on Wednesday and Netflix on Friday.

Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

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

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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