

Weekly Recap

Economic Calendar

Monday, June 3

S&P and ISM U.S. Manufacturing PMIs, Construction Spending.

Tuesday, June 4

Factory Orders, JOLTS Job Openings, Vehicle Sales.

Wednesday, June 5

Mortgage Activity, ADP Private Payrolls, S&P, and ISM Services PMIs.

Thursday, June 6

Challenger Layoffs, Jobless Claims, U.S. Trade Deficit, Nonfarm Productivity, Unit Labor Costs.

Friday, June 7

Nonfarm Payrolls, Unemployment Rate, Average Hourly Earnings, Wholesale Trade Sales & Inventories, Consumer Credit.

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[Consumer Sentiment Surprises Higher](#)

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Stocks Post Weekly Declines

Rate Cut Expectations Slip

U.S. stocks struggled last week, with a late-day Friday rally trimming losses on the holiday-shortened trading week. Hawkish comments from Fed officials were last week's major overhang with markets now pricing in around 0.50% of potential 2024 rate cuts. Sentiment brightened on Friday after the Fed's preferred inflation gauge, the core personal consumption expenditures (PCE) price index excluding food and energy, was up just 0.2% in April, matching expectations. Core PCE prices are up 2.8% from a year ago, topping estimates by just 0.1%. Separately, the second of three estimates of first quarter GDP growth was downwardly revised to 1.3% from 1.6% and notably lower than 3.4% growth in Q4 2023.

For the Week...

The S&P 500 and Nasdaq Composite fell 0.49% and 1.09% respectively, each ending five-week winning streaks. The Dow Jones Industrial Average posted a second straight weekly loss, off 0.88%. The broader Russell 3000 fell 0.54% and the small cap focused Russell 2000 rose 0.04%.

Chicago PMI Surprises Lower

Chicago's ISM MNI Business Barometer Index (Chicago PMI) sputtered to 35.4 in May, its lowest level since the COVID-19 pandemic in May 2020. Economists had expected an increase to 40.8 from 37.9 in April. While the Prices Paid component fell 0.9 points, the key New Orders component slumped 9.2 points. May's overall reading represents the sixth consecutive report below the 50 dividing line separating contraction from growth.

Weekly Sector Insights

Six of the 11 major sector groups posted gains last week, led by Energy (+2.04%), Real Estate (+1.82%) and Utilities (+1.69%). Financials (+0.08%) gained the least while Technology (-1.45%), Industrials (-0.81%) and Communication Services (-0.60%) fell the most. The 2024 year-to-date sector leaderboard continues to be led by Communication Services (+20.88%), Technology (+17.31%) and Utilities (+15.82%). The Real Estate sector remains the only negative performer this year, trimming its YTD loss to 4.38%.

Treasury Yields Decline

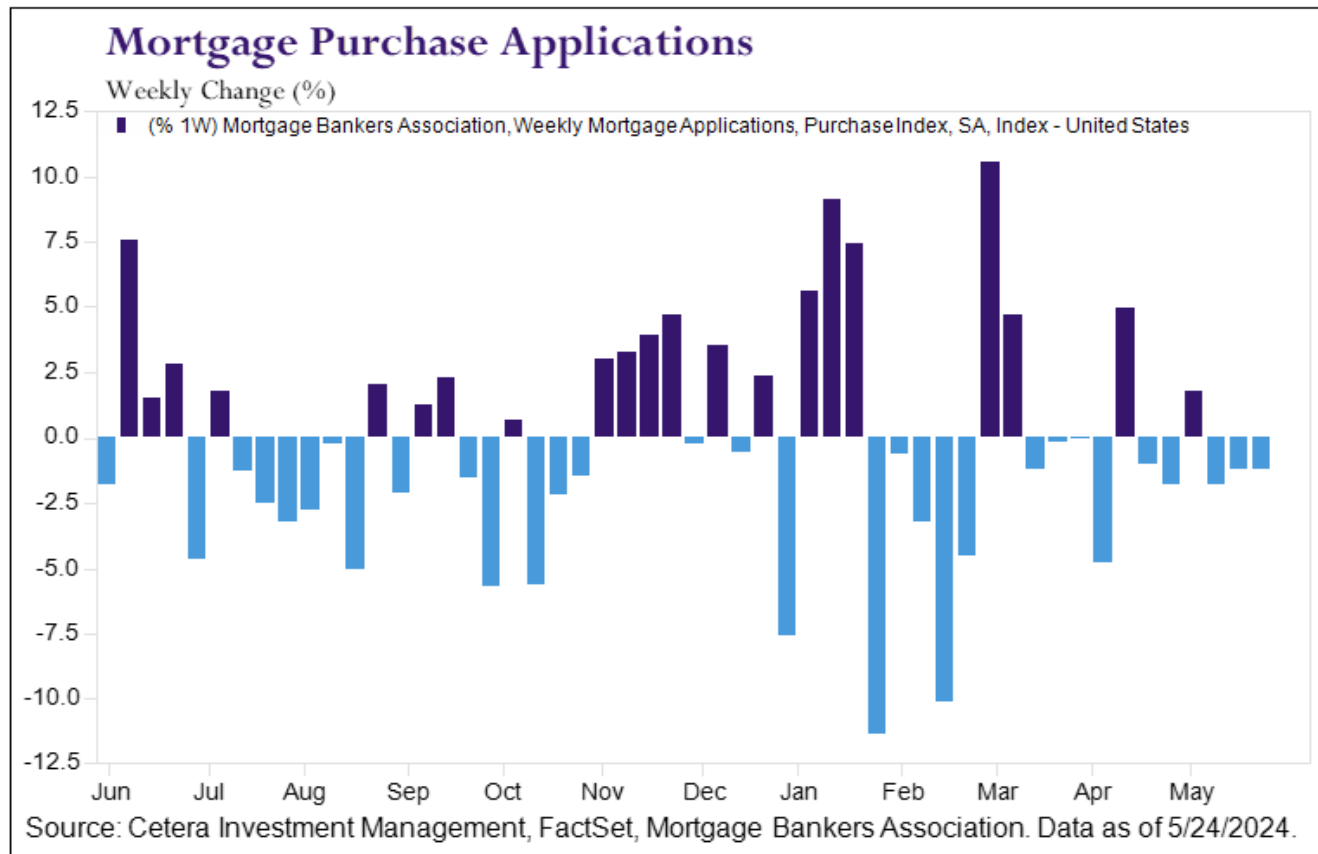
The yield on 10-year Treasury notes ended Friday at 4.488%, down 0.17% for the week. The yield curve remains inverted, with the yield on policy-sensitive 2-year Treasury notes finishing the week at 4.881%. The U.S. Dollar Index fell 0.1% while gold futures dipped 0.47%. U.S. WTI crude oil fell 0.94%, ending Friday at \$76.99/barrel.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-0.88%	2.58%	-0.31%	3.52%	19.97%	5.99%
S&P 500	-0.49%	4.96%	3.91%	11.30%	28.19%	9.56%
NASDAQ Composite	-1.09%	6.98%	4.19%	11.82%	30.37%	7.60%
Russell 3000	-0.54%	4.72%	3.35%	10.15%	27.58%	7.82%
Russell 2000	0.04%	5.02%	1.12%	2.68%	20.12%	-1.65%
MSCI EAFE	-0.05%	3.87%	4.54%	7.07%	18.53%	3.06%
MSCI Emerging Markets	-3.10%	0.56%	3.52%	3.41%	12.39%	-6.23%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	0.04%	1.70%	0.04%	-1.64%	1.31%	-3.10%
Bloomberg Municipal Bonds	-0.45%	-0.29%	-1.53%	-1.91%	2.67%	-1.29%
Bloomberg US Corp High Yield	-0.01%	1.10%	1.33%	1.63%	11.24%	1.77%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-1.84%	1.76%	7.95%	6.79%	10.95%	6.85%
S&P GSCI Crude Oil	-0.94%	-6.03%	-1.62%	7.45%	13.07%	5.09%
S&P GSCI Gold	-0.47%	1.86%	14.17%	13.23%	18.35%	7.17%

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

Chart of the Week: Housing Activity Weakens



Mortgage purchase applications fell 1.1%, marking the 14th decline in the last 18 weeks. Mortgage rates have hovered around 7% during this period, and inventory is slowly rising again. For sales activity to pick up, either prices or rates likely need to fall.

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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.