Cetera® Investment Management

July 15-19, 2024

Weekly Recap

Economic Calendar

Monday, July 22
Chicago Fed National Activity.

Tuesday, July 23
Existing Home Sales.

Wednesday, July 24
Mortgage Activity, Goods-only Trade Balance, S&P Global flash Manufacturing and Services PMIs, New Home Sales.

Thursday, July 25
Jobless Claims, Q2 GDP, Durable Goods Orders, Advance Retail and Wholesale Inventories.

Friday, July 26
Personal Incomes and Spending. PCE Prices, Consumer Sentiment.

The Latest from @CeteraIM

Rotation Continues Despite S&P 500 Pullback

Jobless Claims Climb 20,000

Home Construction Rebounds

The Week Ahead Video

S&P 500 Slumps Most Since April

The Great Rotation Continued
Investors continued to shift out of mega cap technology, growth, and momentum categories and into previously out-of-favor groups including value, cyclicals, and small-caps, even as the S&P 500 slumped. The tech-heavy Nasdaq Composite snapped a six-week winning streak. The rotation was also supported by rising confidence that the Federal Reserve will begin to cut interest rates in September. The probably for the Fed to cut its Fed Funds rate by a 0.25% in September rose to 96%, according to the CME FedWatch tool.

For the Week…
Performance was mixed last week with the S&P 500 (-1.95%) and the Nasdaq Composite (-3.65%) posting their largest respective weekly declines since April. The Dow Jones Industrial Average rose 0.73%. Most notably, the small cap-focused Russell 2000 rose 1.69% for the week, extending its year-to-date (YTD) return to 8.57%, eclipsing the Dow-30's 8.01% YTD advance.

Rail Traffic Rises
U.S. rail traffic increased to a combined 483,806 carloads and intermodal containers, up 1.3% from a year ago, according to data from the Association of American Railroads (AAR) for the week ending July 13. Five of the 10 carload categories increased compared with the same week in 2023, while declining traffic was noted in commodity groups including coal, non-metallic minerals, motor vehicles, and replacement parts.

Weekly Sector Insights
Six of the 11 major sector groups ended negative last week, led by a sharp 5.14% pullback in Technology. Communication Services (-2.87%) and Consumer Discretionary (-2.68%) were the next biggest laggards. Contrarily, Energy (+2.06%), Real Estate (+1.32%), and Financials (+1.19%) gained the most last week. Despite its sharp weekly pullback, Technology (+27.02%) continues to top the 2024 leaderboard, followed by Communication Services (+23.47%) and Financials (+14.86%).

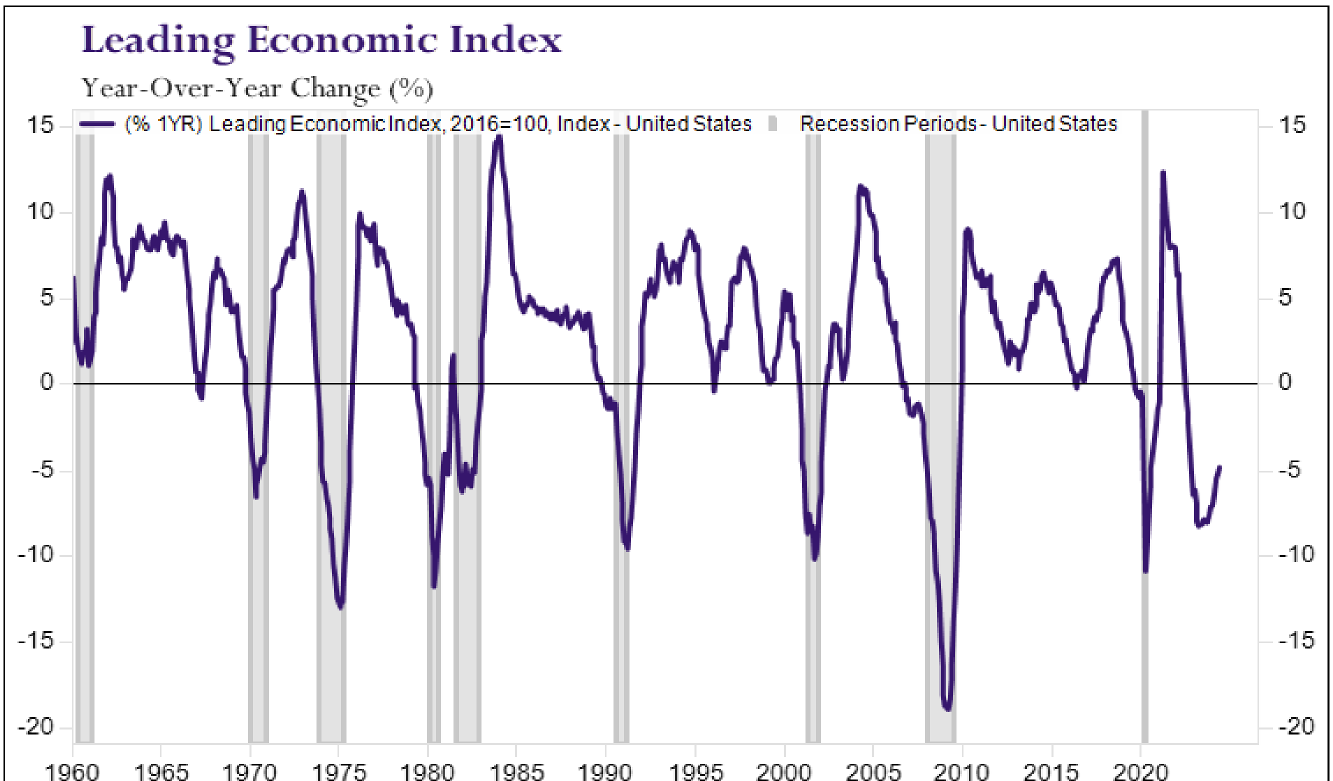
Treasury Yields Rise
The yield on 10-year Treasury notes ended Friday at 4.238%, up 0.06% on the week. The U.S. Dollar Index rebounded 0.3% following two weekly declines. Gold futures reversed much of its prior week gain, ending the week at $2,399/ounce. U.S. WTI crude oil futures slumped 4.3% last week to $78.64/barrel.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	0.73%	3.07%	6.55%	8.01%	17.27%	8.03%
S&P 500	-1.95%	0.88%	11.21%	16.30%	22.40%	10.64%
NASDAQ Composite	-3.65%	-0.02%	16.21%	18.55%	24.42%	8.33%
Russell 3000	-1.65%	1.26%	10.79%	14.99%	21.00%	9.10%
Russell 2000	1.69%	6.72%	12.55%	8.57%	11.72%	2.27%
MSCI EAFE	-2.39%	2.00%	6.57%	7.45%	10.84%	4.24%
MSCI Emerging Markets	-2.96%	0.70%	9.73%	8.24%	9.61%	-3.56%
Bonds	**1-Week**	**MTD**	**3-Month**	**YTD**	**1-Year**	**3-Year**
Bloomberg US Agg Bonds	-0.33%	1.21%	3.72%	0.49%	3.13%	-3.01%
Bloomberg Municipal Bonds	0.16%	0.75%	1.76%	0.34%	3.28%	-0.92%
Bloomberg US Corp High Yield	0.30%	1.39%	4.20%	4.01%	10.56%	2.19%
Commodities	**1-Week**	**MTD**	**3-Month**	**YTD**	**1-Year**	**3-Year**
Bloomberg Commodity	-3.15%	-3.17%	-4.13%	1.81%	-2.50%	5.44%
S&P GSCI Crude Oil	-2.94%	-3.56%	-4.35%	9.76%	4.45%	5.82%
S&P GSCI Gold	-0.90%	4.58%	1.37%	18.10%	21.15%	10.49%

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

Chart of the Week: Leading Economic Index Declines Again



Source: Cetera Investment Management, FactSet, The Conference Board. Data as of 6/30/2024.

The Leading Economic Index fell 0.2% in June, marking its 27th decline in the past 28 months. A rolling recession in manufacturing and housing has driven the index lower. On a positive note, the annual decline of -4.8% is the shallowest in 20 months.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow @CeteraIM on X.

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Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards.

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.