

Economic Calendar

Monday, July 24

S&P Flash Manufacturing and Services PMIs.

Tuesday, July 25

S&P Case-Shiller Home Prices, Consumer Confidence, FOMC Meeting Begins.

Wednesday, July 26

Mortgage Activity, FOMC Rate & Policy Decisions.

Thursday, July 27

Jobless Claims, Durable Goods Orders, 2Q GDP, Goods-only Trade Balance, Business Inventories, Pending Home Sales.

Friday, July 28

Personal Incomes & Outlays, PCE Index, PCE Prices, Employment Costs, Consumer Sentiment.

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[Retail Sales Miss](#)

[The Week Ahead Video](#)

WEEKLY RECAP

July 17-21, 2023 Recap

Value Stocks Lead the Way

Growth Stocks Underperform

Large cap growth stocks have widely outperformed this year, but recently market breadth has improved with smaller company stocks and value stocks outperforming. Disappointing earnings for some large growth stocks were to blame last week for the underperformance of growth. Earnings were in focus last week and will continue to be in focus this week.

For the Week...

The S&P 500 was up 0.70%. The Dow Jones Industrial Average gained 2.13% and the Nasdaq Composite fell by 0.57%. Smaller companies outperformed for a second straight week with the Russell 2000 index up 1.52%. The Russell 1000 Growth Index was down 0.53%, while the Russell 1000 Value Index was up 2.12%.

Early Earnings Scorecard

With 82 S&P 500 companies reporting results so far, earnings are beating estimates by +7.0%, with 73% of companies topping projections. Overall, second quarter expectations are for revenues and earnings per share (EPS) to decline by -0.7% and -7.4%, respectively. Per FactSet projections, earnings growth is expected to turn positive in the third quarter. Next year we could see double digit earnings growth.

Weekly Sector Insights

Seven of the major S&P 500 sector groups advanced last week with Energy (+3.53%), Health Care (+3.48%) and Financials (+2.95%) leading the way. Communication Services (-3.01%), Consumer Discretionary (-2.28%) and Real Estate (-0.50%) led to the downside.

Treasury Yields Slightly Rise

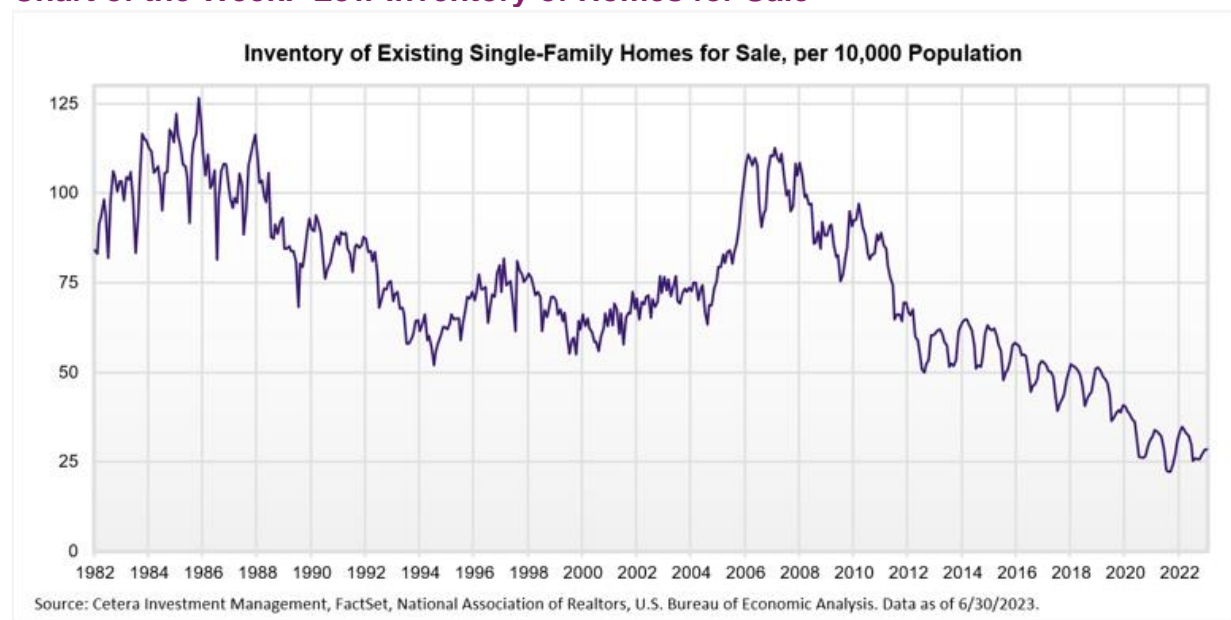
The yield on 10-year Treasury notes ended Friday at 3.84%, up just 0.01% week-over-week. Meanwhile, the 2-year Treasury yield rose to 4.82%, up 0.08% from the prior week. The yield curve remains deeply inverted with short-term bonds yielding more than long-term bonds. Many view this as a recession warning indicator.

Market Watch

| Stocks | 1-Week | MTD | 3-Month | YTD | 1-Year | 3-Year |
|------------------------------|---------------|------------|----------------|------------|---------------|---------------|
| Dow Jones Industrial Avg. | 2.08 | 2.38 | 4.20 | 6.28 | 9.97 | 9.49 |
| S&P 500 | 0.70 | 2.00 | 10.19 | 19.24 | 15.40 | 13.46 |
| NASDAQ Composite | -0.57 | 1.79 | 16.48 | 34.69 | 17.42 | 10.38 |
| Russell 3000 | 0.76 | 2.29 | 10.39 | 18.83 | 14.71 | 12.82 |
| Russell 2000 | 1.52 | 3.83 | 9.85 | 12.23 | 8.40 | 11.04 |
| MSCI EAFE | -0.57 | 2.14 | 2.38 | 14.06 | 19.02 | 7.70 |
| MSCI Emerging Markets | -1.31 | 2.91 | 4.74 | 7.94 | 5.37 | 0.20 |
| Bonds | 1-Week | MTD | 3-Month | YTD | 1-Year | 3-Year |
| Bloomberg US Agg Bonds | 0.01 | 0.21 | -0.42 | 2.30 | -1.72 | -4.23 |
| Bloomberg Municipal Bonds | 0.52 | 0.68 | 0.93 | 3.37 | 2.38 | -0.72 |
| Bloomberg US Corp High Yield | 0.10 | 1.09 | 2.34 | 6.53 | 6.23 | 2.38 |
| Commodities | 1-Week | MTD | 3-Month | YTD | 1-Year | 3-Year |
| Bloomberg Commodity | 1.64 | 4.97 | 1.93 | -3.20 | -4.25 | 18.36 |
| S&P GSCI Crude Oil | 2.32 | 9.10 | -1.03 | -3.97 | -20.02 | 22.52 |
| S&P GSCI Gold | 0.11 | 3.93 | 0.74 | 9.81 | 15.84 | 2.36 |

Source: Morningstar

Chart of the Week: Low Inventory of Homes for Sale



The inventory of single-family homes is near historically low levels on a population adjusted basis. There are 28 homes for sale per 10,000 people in the U.S., or roughly a third of the average from 1982-2019 (78). Extremely low inventory is keeping a lid on sales and a floor on prices despite elevated mortgage rates.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](https://twitter.com/CeteraIM) on Twitter.

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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.