

Economic Calendar

Monday, August 7

Consumer Credit.

Tuesday, August 8

Small Business Optimism,
U.S. Trade Deficit,
Wholesale Trade
Sales/Inventories.

Wednesday, August 9

Mortgage Activity.

Thursday, August 10

Jobless Claims, Consumer
Price Index (CPI), Average
Hourly Earnings, Monthly
Budget Statement.

Friday, August 11

Producer Price Index (PPI),
Consumer Sentiment.

[The Latest from @CeteraIM](#)

[ISM Services PMI Slows](#)

[Layoffs Fall to 11-Month Low](#)

[Job Openings Slip in June](#)

[The Week Ahead Video](#)

WEEKLY RECAP

July 31-August 4, 2023 Recap

Rating Downgrade Stirs Angst

S&P 500 Snaps Summer Rally

The summer equity rally cooled in the first week of August with all three major U.S. equity indices ending notably lower with losses led by major banks, big tech, and automakers. Investors were put off by a credit rating downgrade on U.S. sovereign debt from credit rating agency Fitch which sent Treasury yields toward their highest since last November. Investor sentiment was also challenged by an easing pace of hiring in June.

For the Week...

The S&P 500 fell 2.26%, ending a string of three weekly gains. The Dow Jones Industrial Average fell 1.11% and the Nasdaq Composite lost 2.84%. The small cap focused Russell 2000 Index outperformed the broader market, falling a lesser 1.19%.

Payroll Growth Slows

U.S. nonfarm payrolls grew by 187,000 in July, slightly missing projections for 200,000. More positively, the unemployment rate fell to 3.5% from 3.6%, while average hourly earnings rose 4.4% (4.2% expected). Demand for workers is expected to continue to ease, which should translate to slower wage growth and a Fed pause.

Weekly Sector Insights

Of the 11 major S&P 500 sector groups, only Energy ended positive for the week. Utilities, Technology, and Communication Services fell the most while Consumer Discretionary and Financials fell the least.

Treasury Yields Rise

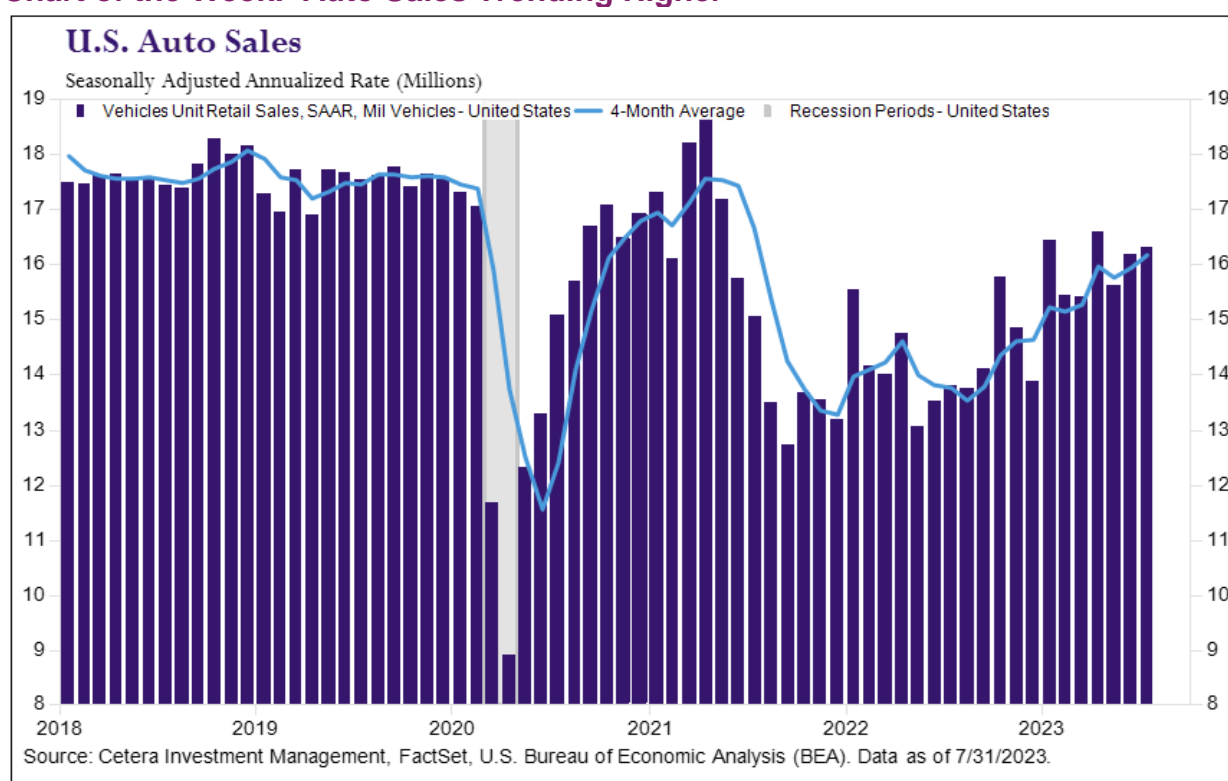
The yield on 10-year Treasury notes ended Friday at 4.055%, up more than eight basis points (+0.08%). During the week, the benchmark yield had peaked at 4.188%.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-1.11%	-1.39%	6.41%	7.04%	9.47%	11.55%
S&P 500	-2.26%	-2.40%	10.72%	17.75%	9.71%	12.38%
NASDAQ Composite	-2.84%	-3.04%	16.48%	33.53%	10.32%	9.16%
Russell 3000	-2.17%	-2.44%	11.27%	17.40%	9.09%	11.73%
Russell 2000	-1.19%	-2.26%	14.34%	12.10%	4.28%	10.25%
MSCI EAFE	-2.38%	-2.51%	1.31%	12.38%	13.56%	7.64%
MSCI Emerging Markets	-2.37%	-2.72%	5.51%	8.39%	5.27%	0.20%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-0.59%	-0.72%	-2.47%	1.29%	-4.09%	-4.73%
Bloomberg Municipal Bonds	-1.26%	-1.25%	-1.06%	1.79%	-0.55%	-1.46%
Bloomberg US Corp High Yield	-0.36%	-0.57%	2.28%	6.22%	2.92%	1.77%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-1.11%	-1.25%	5.61%	-3.24%	-6.16%	16.46%
S&P GSCI Crude Oil	2.78%	1.25%	20.80%	3.19%	-6.46%	25.67%
S&P GSCI Gold	-1.19%	-1.65%	-3.87%	8.21%	9.36%	-0.75%

Source: Cetera Investment Management, FactSet, YCharts. Data as of 8/4/2023

Chart of the Week: Auto Sales Trending Higher



Supply chain issues are easing allowing for more auto production, resulting in auto sales trending higher. The annualized pace of vehicles sold in July was 16.3 million and the 4-month average climbed to a two-year high of 16.2 million. Vehicle sales are trending up despite higher borrowing costs. There is still pent-up demand for new vehicles coming out of the pandemic car supply crunch. Overall, vehicle sales remain below the monthly average of 17.6 million annualized from 2018 to 2019.

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