June 2024 Market Update

Special points of interest:

- **June marked another positive month for stock market indices, with the S&P500 and Nasdaq indices in particular recording solid gains.**
- **Our domestic economy created 206k jobs in the month but the prior two months were revised lower and unemployment rose to 4.1%.**
- **This month's employment report indicates that labor's impact on inflation is easing.**
- **When they come, rate cuts are likely to 'share the wealth' with a broader market.**

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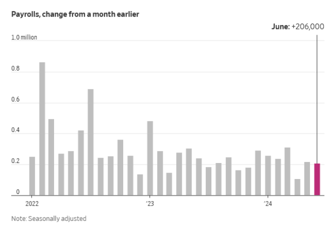
The Markets in June 2024

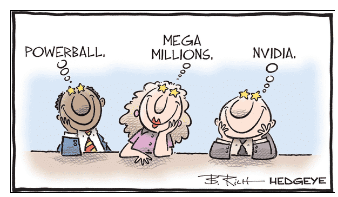
It's been a tale of two markets over the past few months, and June was no exception. For support, look no further than the month's market results. The Dow Jones Industrial Average eked out a gain of 1.1% while the S&P 500 index powered higher by 3.5% and the Nasdaq rose an astonishing 6%. By the end of June, the three largest stocks in the S&P 500 (Microsoft, Apple, and Nvidia) alone comprised roughly 21% of its total market value. Basically, as these companies go now, so go the indices!

Stocks aside, the yield on the 10-year Treasury Note fell from 4.514% at the end of May to



4.343% by the end of June, giving a lift to bond prices in the month. Commodity prices also stabilized or rose. After falling the prior month, oil prices moved 5.9% higher as we fully entered the summer driving season while gold prices were generally flat.

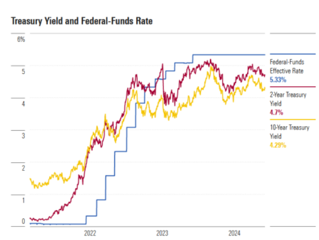
In our domestic economy, the Labor Department reported that 206,000 new jobs were created in June—which slightly exceeded economists' forecasts for 200,000 jobs—but they also revised lower their April and May estimates by 111,000 jobs and government employment increases topped the private sector. Further, the unemployment rate rose to 4.1% for the first time since November 2021 and worker pay raises are falling, growing signs of a slowdown in the labor force.



It's been a tale of two markets recently with a small handful of stocks like Nvidia largely powering stock index gains.

A Look Ahead

All eyes are still on the Federal Reserve, as speculation on the timing of interest rate cuts alternately drives bullishness and bearishness in the markets. Putting the volatility into a longer term focus, though, this month's labor report indicates that labor's impact on inflation is easing. The Fed is watching this closely because the risk of a sudden weakening in the labor market is grow-



ing. As can be seen in the graph here, we are still in a restrictive rate environment with the Fed Funds Rate above both the 2-year and 10-year Treasury rates. And fundamentally, rate cuts are what the majority of the market is waiting for as a catalyst. A few stock names aside (see above), the average stock in the S&P 500 is about where it was at the start of 2022 and the Russell 2000 index of smaller companies is down 17% from its Nov 2021 peak, according to The Wall Street Journal. Rate cuts are likely to 'share the wealth' with a broader market.

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