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Market Week: July 3, 2023



The Markets (as of market close June 30, 2023)

Stocks moved higher last week as favorable inflation data added to investor hopes that the Federal Reserve would relax its monetary policy, despite Fed Chair Powell's statement that at least two more rate hikes are in the offing prior to the end of the year. The small caps of the Russell 2000 performed the best, followed by the S&P 500, the Global Dow, the Nasdaq, and the Dow. Bond prices declined as investors focused on stocks. The dollar inched higher, while gold prices fell for the third straight week. Crude oil prices closed higher, following the prior week's plunge.

The last week of June picked up where the prior week left off with the market in a bit of a tailspin. Last Monday saw the Nasdaq fall 1.2% and the S&P 500 slide 0.5% as communication services, consumer discretionary, and information technology dragged the indexes lower. The Dow and the Global Dow were flat, while the Russell 2000 eked out a 0.1% gain. Ten-year Treasury yields fell 2.0 basis points to settle at 3.71%. Crude oil prices rose about 0.6% to end the session at about \$69.59 per barrel. The dollar dipped lower, while gold prices inched higher.

Stocks ended their losing streak last Tuesday as each of the benchmark indexes listed here posted gains. Investors received encouraging economic data with better-than-expected reports on consumer confidence and new home sales. The Nasdaq (1.7%) and the Russell 2000 (1.5%) led the indexes, followed by the S&P 500 (1.2%), the Global Dow (0.9%), and the Dow (0.6%). Bond prices slid lower, pushing yields higher, with 10-year Treasury yields climbing to 3.76%. Crude oil prices fell 2.3%, settling at \$67.76 per barrel. The dollar and gold prices declined.

In a day marked by volatile trading, Wall Street ended last Wednesday with mixed results. The Russell 2000 gained 0.5%, while the Nasdaq and the Global Dow rose 0.3%. The large caps of the Dow and the S&P 500 slipped minimally. The yield on 10-year Treasuries fell 5.8 basis points to 3.71%. Crude oil prices jumped 2.2% to close at about \$69.18 per barrel. The dollar advanced nearly 0.5%, while gold prices declined.

Stocks closed mostly higher last Thursday. Most of the benchmark indexes posted gains, despite Federal Reserve Chair Jerome Powell's assertion that interest rates will be increased at least two more times this year. Powell noted that inflation continues to run high and that culling it back to the 2.0% target has a long way to go. By the close of trading, the small caps of the Russell 2000 gained 1.2%, followed by the Dow (0.8%), the S&P 500 (0.5%), and the Global Dow (0.2%). The Nasdaq ended the day flat. Ten-year Treasury yields jumped to 3.85% after adding 14.4 basis points. Crude oil prices advanced for the second straight day, closing at about \$69.81 per barrel. The dollar moved higher, while gold prices fell for the third consecutive session.

Wall Street closed higher last Friday, with each of the benchmark indexes listed here securing positive returns. The Nasdaq (1.5%) led the way, followed by the S&P 500 (1.2%), the Global Dow (1.0%), the Dow (0.8%), and the Russell 2000 (0.4%). Ten-year Treasury yields fell 3.5 basis points to close the day and the week at 3.81%. Crude oil prices increased for the third consecutive day after gaining 0.9%. The dollar slid lower, while gold prices advanced, ending a brief three-day downturn.

Key Dates/Data Releases

7/3: S&P Manufacturing Index

7/6: International trade in goods and services, S&P Services Index, JOLTS

7/7: Employment situation

Stock Market Indexes

Market/Index	2022 Close	Prior Week	As of 6/30	Weekly Change	YTD Change
DJIA	33,147.25	33,727.43	34,407.60	2.02%	3.80%
Nasdaq	10,466.48	13,492.52	13,787.92	2.19%	31.73%
S&P 500	3,839.50	4,348.33	4,450.38	2.35%	15.91%
Russell 2000	1,761.25	1,821.63	1,888.73	3.68%	7.24%
Global Dow	3,702.71	4,014.15	4,103.46	2.22%	10.82%
Fed. Funds target rate	4.25%-4.50%	5.00%-5.25%	5.00%-5.25%	0 bps	75 bps
10-year Treasuries	3.87%	3.73%	3.81%	8 bps	-6 bps
US Dollar-DXY	103.48	102.88	102.93	0.05%	-0.53%
Crude Oil-CL=F	\$80.41	\$69.34	\$70.47	1.63%	-12.36%
Gold-GC=F	\$1,829.70	\$1,929.50	\$1,926.20	-0.17%	5.27%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- The economy expanded at an annualized rate of 2.0%, according to the third and final estimate of first-quarter gross domestic product. GDP expanded at an annualized rate of 2.6% in the fourth quarter of 2022. Compared to the fourth quarter, the deceleration in real GDP in the first quarter primarily reflected a downturn in private inventory investment and a slowdown in nonresidential fixed investment that was partly offset by an acceleration in consumer spending, an upturn in exports, and a smaller decrease in residential fixed investment. Imports climbed higher. The personal consumption expenditures (PCE) price index increased 4.1%, revised down 0.1 percentage point. The PCE price index excluding food and energy prices increased 4.9%, a downward revision of 0.1 percentage point from the fourth quarter.
- Personal income and disposable (after-tax) income rose 0.4% in May, according to the latest report from the Bureau of Economic Analysis. Consumer spending inched up 0.1%, after rising 0.6% in April. Consumer prices for goods and services advanced 0.1% in May, following a 0.4% increase in April. Consumer prices, excluding food and energy rose 0.3%. Over the last 12 months, consumer prices have increased 3.8%, while prices less food and energy rose 4.6%.
- New orders for manufactured durable goods rose for the third consecutive month in May, after climbing 1.7%. Transportation equipment, also up three consecutive months, led the increase, up 3.9% in May. Excluding transportation, new orders increased 0.6%. Excluding defense, new orders increased 3.0%. New orders for capital goods advanced 2.8% in May, bolstered by new orders for nondefense capital goods, which rose 6.7%. New orders for defense capital goods fell 14.7% in May.
- Sales of new single-family homes rose for the third straight month after increasing 12.2% in May. The median sales price of new houses sold in May 2023 was \$416,300. The average sales price was \$487,300. Inventory for available new single-family homes for sale sat at a 6.7-month supply at the current sales pace.
- The advance report on the international trade in goods balance for May showed a 6.1% decline in the trade deficit from the prior month. Exports fell 0.6%, while imports decreased 2.7%.
- The national average retail price for regular gasoline was \$3.571 per gallon on June 26, \$0.006 per gallon lower than the prior week's price and \$1.301 less than a year ago. Also, as of June 26, the East Coast price decreased \$0.014 to \$3.405 per gallon; the Midwest price fell \$0.037 to \$3.452 per gallon; the Gulf Coast price increased \$0.081 to \$3.190 per gallon; the Rocky Mountain price rose \$0.013 to \$3.734 per gallon; and the West Coast price dipped \$0.013 to \$4.556 per gallon.
- For the week ended June 24, there were 239,000 new claims for unemployment insurance, a decrease of 26,000 from the previous week's level, which was revised up by 1,000. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended June 17 was 1.2%, unchanged from the previous week's rate. The advance number of those receiving unemployment insurance benefits during the week ended June 17 was 1,742,000, a decrease of 19,000 from the previous week's level, which was revised up by 2,000. States and territories with the highest insured unemployment rates for the week ended June 10 were California (2.3%), New Jersey (2.1%),

Massachusetts (1.8%), Puerto Rico (1.8%), New York (1.6%), Oregon (1.6%), Illinois (1.5%), Pennsylvania (1.5%), Rhode Island (1.5%), and Washington (1.5%). The largest increases in initial claims for unemployment insurance for the week ended June 17 were in California (+6,279), New Jersey (+2,412), Connecticut (+1,888), Texas (+1,636), and Puerto Rico (+1,288), while the largest decreases were in Georgia (-2,162), Indiana (-1,983), Missouri (-1,794), South Carolina (-1,672), and Minnesota (-1,576).

Eye on the Week Ahead

The employment figures for June are out this week. The labor sector has continued to show strength this year, averaging nearly 290,000 new jobs per month. Also out this week are the results from the monthly survey of purchasing managers for manufacturing and services. May saw manufacturing slip, while services expanded.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.

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