# A late-week tech downturn trims stock gains.

**The economy**

- Major U.S. equity market indexes moved higher amid periods of volatility during the week ending June 21 (the tech-heavy Nasdaq Composite Index saw only a marginal gain). The market was bolstered earlier in the week by a rally in mega-cap technology stocks—particularly chip-maker Nvidia Corp.—as well as weaker-than-expected economic data, which reignited investors' hopes that the Federal Reserve (Fed) will cut interest rates sooner than previously anticipated. Shares of Nvidia sold off on Thursday and Friday as investors took some profits following the sharp rise in the stock price. The Nasdaq Composite Index and the broad-market S&P 500 Index reached new highs during the week.
- Several Fed officials made public appearances during the week to discuss the outlook for the U.S. economy and future monetary policy. In prepared remarks delivered at the Peterson Institute for International Economics in Washington, D.C., on Tuesday, Fed Governor Adriana D. Kugler expressed optimism that economic conditions are conducive to slowing inflation. She noted, "Recent data on the economy and inflation also give me cautious optimism that we are on track and making continued headway toward the Federal Open Market Committee's (FOMC) inflation goal of 2%. That progress may have paused in the first three months of the year, but information since then on economic activity, the labor market, and inflation points to renewed progress."
- During a speech at the 2024 Marshall Forum in Chicago on Tuesday, Boston Fed President Susan M. Collins acknowledged that higher interest rates have contributed to a decline in the annual inflation rate from its peak in June 2022, but it remains above the central bank's 2% target. She commented, "An essential part of restoring price stability entails realignment through a combination of supply improvements and demand moderation…I do expect that demand will eventually slow as needed to better align with supply—but the timing and magnitude of moderation remain uncertain." Collins will be a voting member of the FOMC in 2025.
- In economic news, the Census Bureau announced that U.S. retail and food services sales—a gauge of consumer spending, which comprises more than two-thirds of the nation's gross domestic product (GDP)—posted a lower-than-expected increase of 0.1% in May, following a 0.2% decline in April, and rose 2.3% over the previous 12-month period. Core sales, which exclude motor vehicles and parts, as well as gasoline stations, saw an uptick of 0.1% in May, and increased 2.6% over the previous 12-month period. Miscellaneous store retailers and nonstore retailers posted the most notable year-over-year gains.
- The Conference Board Leading Economic Index® (LEI), which is designed to signal peaks and troughs in the U.S. business cycle, dipped 0.5% to 101.2 in May. The LEI was down 2.0% for the six-month period of December 1 to May 31, but represented improvement from the 3.4% decline over the previous six-month period. The index benefited from increases in average weekly manufacturing hours and the S&P 500® Index of Stock Prices in May. Conversely, there was relative weakness in new orders, consumer sentiment, and building permits.
- According to the National Association of Realtors (NAR), sales of existing homes fell 0.7% and 2.8% in May and year-over-year, respectively, to an annualized rate of 4.11 million. (Home sales are viewed as an indicator of housing market trends, and by extension, the health of the broader economy.) The median existing-home sale price rose 5.8% over the previous 12-month period to a record high of $419,300. The inventory of unsold existing homes as of the end of May stood at 1.28 million—up 6.7% from the end of April—equivalent to a 3.7-month supply at the current monthly sales pace. The NAR considers a six-month supply of homes to be a "balanced market," in which prices rise modestly. Inventories of greater than six months typically have favored buyers, while a supply of homes that will be depleted in less than six months denotes a "seller's market."

**Stocks**

- Global equities posted gains during the week. Emerging markets outperformed developed markets.
- U.S. stocks ended higher for the week. Consumer discretionary and energy were the top-performing sectors, while information technology and utilities lagged. Value stocks led growth, while small caps outperformed large caps.

**Bonds**

- The 10-year U.S. Treasury note yield rose to 4.25% during the week.
- Global bond markets recorded slightly negative returns for the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

| The Numbers as of June 21, 2024 | 1 Week | YTD | 1 Year | Friday's Close |
|---|---|---|---|---|
| **Global Equity Indexes** | | | | |
| MSCI ACWI ($) | 0.9% | 10.6% | 19.0% | 804.3 |
| MSCI EAFE ($) | 0.9% | 4.1% | 9.4% | 2328.1 |
| MSCI Emerging Mkts ($) | 1.8% | 7.0% | 9.5% | 1095.8 |
| **US & Canadian Equities** | | | | |
| Dow Jones Industrials ($) | 1.5% | 3.9% | 15.3% | 39150.3 |
| S&P 500 ($) | 0.6% | 14.6% | 24.7% | 5464.6 |
| NASDAQ ($) | 0.0% | 17.8% | 29.8% | 17689.4 |
| S&P/ TSX Composite (C$) | -0.4% | 2.8% | 10.1% | 21554.9 |
| **UK & European Equities** | | | | |
| FTSE All-Share (£) | 1.2% | 6.1% | 10.0% | 4490.9 |
| MSCI Europe ex UK (€) | 1.5% | 8.8% | 13.6% | 1832.1 |
| **Asian Equities** | | | | |
| Topix (¥) | -0.8% | 15.1% | 18.6% | 2724.7 |
| Hong Kong Hang Seng ($) | 0.5% | 5.8% | -6.2% | 18028.5 |
| MSCI Asia Pac. Ex-Japan ($) | 1.6% | 8.2% | 9.9% | 572.5 |
| **Latin American Equities** | | | | |
| MSCI EMF Latin America ($) | 0.7% | -18.0% | -11.5% | 2184.2 |
| Mexican Bolsa (peso) | 1.0% | -8.1% | -1.5% | 52765.1 |
| Brazilian Bovespa (real) | 1.5% | -9.5% | 2.1% | 121439.8 |
| **Commodities ($)** | | | | |
| West Texas Intermediate Spot | 4.7% | 14.7% | 18.7% | 82.2 |
| Gold Spot Price | -0.2% | 12.5% | 21.4% | 2324.8 |
| **Global Bond Indices ($)** | | | | |
| Bloomberg Global Aggregate ($) | -0.1% | -2.6% | 1.3% | 459.2 |
| JPMorgan Emerging Mkt Bond | -0.1% | 2.2% | 9.1% | 867.4 |
| | | | | |
| US Treasury | 3 | 37 | 46 | 4.25% |
| UK Gilt | 3 | 55 | -28 | 4.08% |
| German Bund | 5 | 39 | -8 | 2.41% |
| Japan Govt Bond | 3 | 36 | 60 | 0.98% |
| Canada Govt Bond | 6 | 23 | -11 | 3.34% |
| **Currency Returns**** | | | | |
| US$ per euro | -0.1% | -3.1% | -2.4% | 1.069 |
| Yen per US$ | 1.4% | 13.2% | 11.5% | 159.62 |
| US$ per £ | -0.3% | -0.6% | -0.8% | 1.265 |
| C$ per US$ | -0.3% | 3.4% | 4.1% | 1.370 |

Source: Bloomberg. Equity-index returns are price only, others are total returns.

*100 basis points = 1 percentage point.

**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

# Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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