From here to eventually.

The economy

- The U.S. equity market saw mixed performance for the week ending June 28, but finished in positive territory for both the second quarter and the first half of 2024. Stocks sold off on Friday amid uncertainty around November's U.S. presidential election, as well as Sunday's national election in France. Investors had been buoyed by generally favorable inflation data, and largely shrugged off comments from a Federal Reserve (Fed) official suggesting that the central bank was in no rush to end its higher-for-longer interest-rate regime. The tech-heavy Nasdaq Composite Index reached a new record high on Friday and garnered a positive return during the week. The broad-market S&P 500 Index also rose to a historical high on Friday before retreating.
- The Department of Commerce reported that the personal-consumption-expenditures (PCE) price index was virtually flat in May, down from the 0.3% rise in April. The index posted an annual upturn of 2.6%, slightly lower than the 2.7% year-over year increase in April. The PCE price index measures the prices that consumers pay for goods and services to reveal underlying inflation trends. Food prices increased 0.1% and 1.2% in May and over the previous 12 months, respectively. Prices for energy goods and services fell 2.1% in May and were up 4.8% year-over-year. The core PCE price index, which excludes volatile food and energy prices and is the primary inflation measure used by the Fed, ticked up 0.1% in May, following a 0.3% rise in April. The year-over-year advance of 2.6% was down from the 2.8% annual increase in April.
- During a speech at an event hosted by the Policy Exchange think tank in London on Tuesday, Fed Governor Michelle W. Bowman, a voting member of the Federal Open Market Committee (FOMC), suggested that interest rates would likely need to remain higher for longer in order to bring inflation in the U.S. down to the Fed's 2% target. She commented, "My baseline outlook continues to be that U.S. inflation will return to the FOMC's 2% goal, with the target range of the federal-funds rate held at its current level of 5.25% to 5.5% for some time. Should the incoming data indicate that inflation is moving sustainably toward our 2% goal, it will eventually become appropriate to gradually lower the federal-funds rate." In terms of the timing of the Fed's rate cuts, later at the same event, she added, "I don't see any rate cuts for 2024."
- According to the third estimate from the Department of Commerce, U.S. gross domestic product (GDP) grew at an annualized rate of 1.4% in the first quarter of 2024—down sharply from the 3.4% rise in the fourth quarter of 2023. The latest figure represents an uptick from the second estimate of 1.3% for first-quarter GDP growth. The change was attributed to a downward revision to imports (which are a subtraction in the calculation of GDP), as well as upward revisions to non-residential fixed investment (purchases of both nonresidential structures and equipment and software), and government spending. These were partly offset by a downward revision to consumer spending.
- The Department of Labor reported that initial unemployment insurance claims, a barometer of the health of the labor market, dipped 6,000 to 233,000 during the week ending June 22. The total represented a decrease from the 238,000 claims filed during the same week in 2023. The four-week moving average of initial claims rose 3,000 week-over-week to 236,000, but was down 17,500 from the four-week average of 253,500 a year earlier.
- The Conference Board's Consumer Confidence Index® came in at a higher-than-expected reading of 100.4 in June, falling from 101.3 in May. The index remained in slightly positive territory; a reading above 100 signals an increase in consumer confidence regarding the future economic situation. The Expectations Index, an indicator of consumers' short-term outlook for income, business, and labor market conditions, fell 1.9 points to 73.0 in June, marking its fifth consecutive month below 80. A reading below 80 suggests that consumers believe there will be a recession in the U.S. over the next 12 months. The Present Situation Index, which reflects consumers' views of current conditions in the business and labor markets, increased 0.7 point to 141.5.

Stocks

- Global equities were mixed during the week. Developed markets outperformed emerging markets.
- U.S. stocks also ended mixed for the week. Energy and communication services were the top-performing sectors, while materials and utilities lagged. Growth stocks led value, while small caps outperformed large caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.38% during the week.
- Global bond markets recorded modestly negative returns for the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of June 28, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.3%	10.6%	18.9%	803.8
MSCI EAFE ($)	0.3%	3.5%	9.5%	2313.9
MSCI Emerging Mkts ($)	-0.5%	5.7%	9.6%	1081.9
US & Canadian Equities				
Dow Jones Industrials ($)	-0.1%	3.8%	14.6%	39118.9
S&P 500 ($)	-0.1%	14.5%	24.2%	5460.5
NASDAQ ($)	0.2%	18.1%	30.5%	17732.6
S&P/ TSX Composite (C$)	1.5%	4.4%	9.9%	21875.8
UK & European Equities				
FTSE All-Share (£)	-0.9%	5.2%	9.5%	4451.9
MSCI Europe ex UK (€)	-0.2%	7.7%	11.7%	1814.5
Asian Equities				
Topix (¥)	3.1%	18.7%	22.4%	2809.6
Hong Kong Hang Seng ($)	-1.7%	3.9%	-6.4%	17718.6
MSCI Asia Pac. Ex-Japan ($)	-0.5%	6.8%	10.2%	564.9
Latin American Equities				
MSCI EMF Latin America ($)	-0.1%	-18.1%	-10.3%	2181.8
Mexican Bolsa (peso)	-0.6%	-8.5%	-2.1%	52483.2
Brazilian Bovespa (real)	2.1%	-7.6%	4.7%	123923.2
Commodities ($)				
West Texas Intermediate Spot	-0.3%	14.1%	17.0%	81.7
Gold Spot Price	0.2%	12.7%	22.0%	2330.1
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-0.2%	-3.0%	1.3%	457.4
JPMorgan Emerging Mkt Bond	-0.1%	2.1%	8.9%	866.6
US Treasury	13	50	54	4.38%
UK Gilt	9	64	-20	4.17%
German Bund	9	48	8	2.50%
Japan Govt Bond	8	44	67	1.06%
Canada Govt Bond	16	39	14	3.50%
Currency Returns**				
US$ per euro	0.2%	-3.0%	-1.4%	1.071
Yen per US$	0.7%	14.1%	11.1%	160.90
US$ per £	0.0%	-0.7%	0.2%	1.264
C$ per US$	-0.1%	3.3%	3.3%	1.368

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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