A mixed reaction.

The economy

- Major U.S. equity market indices saw mixed performance amid periods of volatility during the week ending August 30. Stock prices—particularly in the technology sector—slumped early in the week after mega-cap chipmaker Nvidia Corp.'s quarterly results did not meet market expectations. However, stocks subsequently recovered somewhat as investors were encouraged by several positive economic data reports, which boosted optimism that the Federal Reserve (Fed) remains on schedule to cut interest rates in September. The Dow Jones Industrial Average and the broad-market S&P 500 Index posted gains, while the tech-heavy Nasdaq Composite Index ended the week in negative territory.
- The Department of Commerce reported that the personal-consumption-expenditures (PCE) price index rose 0.2% in July, up marginally from the 0.1% rise in June. The index's annual increase of 2.5% was unchanged from June. The PCE price index measures the prices that consumers pay for goods and services to reveal underlying inflation trends. Food prices increased 0.2% and 2.4% in July and over the previous 12 months, respectively. Prices for energy goods and services were flat in July and rose 1.9% year-over-year. The core PCE price index, which excludes volatile food and energy prices and is the primary inflation monitor used by the Fed, rose 0.2% in July, matching the increase in June. The year-over-year advance of 2.6% was unchanged from the reading in June and was in line with market expectations.
- According to the second estimate from the Department of Commerce, U.S. gross domestic product (GDP) grew at an annualized rate of 2.8% in the second quarter of 2024—up slightly from the government's initial estimate of 2.8% and more than doubling the 1.4% increase in the first quarter of the year. The largest contributors to GDP growth for the second quarter included consumer spending and private inventory investment (a measure of the changes in values of inventories from one time period to the next). Imports, which are subtracted from the calculation of GDP, increased over the quarter. The government attributed the higher GDP growth rate in the second quarter relative to the previous three-month period to upturns in private inventory investment and consumer spending. The modestly higher GDP growth rate relative to the government's initial estimate was due to an upward revision to consumer spending.
- The Census Bureau announced that new orders for durable goods increased 9.9% to $289.6 billion in July, improving from a 6.9% decrease in June. However, the upturn in July was attributable largely to a 34.8% surge in new orders for transportation equipment. Excluding transportation, new orders for durable goods dipped 0.2% month-over-month due mainly to declines in motor vehicles and parts, and communications equipment. Durable goods orders data provide a gauge of the status of the supply chain and the level of confidence that businesses and consumers have in the U.S. economy.
- The Conference Board's Consumer Confidence Index® reached a six-month high of 103.3 in August, up from 101.9 in July. The index remained in 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, rose 1.4 points to 82.5 in June, marking its second consecutive month above 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 1.3 points to 134.4. The Conference Board noted that there was a dip in confidence among consumers under age 35, while it increased for those age 35 and older.

Stocks

- Global equities saw mixed performance for the week. Developed markets outperformed emerging markets.
- U.S. stocks ended mixed for the week. Financials and industrials were the top-performing sectors, while information technology and communication services were the main market laggards.
- Value stocks led growth, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 3.91% during the week.
- Global bond markets declined over the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of August 30, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	-0.5%	13.8%	20.6%	827.3
MSCI EAFE ($)	0.3%	9.5%	16.1%	2447.8
MSCI Emerging Mkts ($)	-0.5%	7.0%	11.7%	1095.0
US & Canadian Equities				
Dow Jones Industrials ($)	0.9%	10.3%	19.7%	41563.1
S&P 500 ($)	0.2%	18.4%	25.3%	5648.4
NASDAQ ($)	-0.9%	18.0%	26.2%	17713.6
S&P/ TSX Composite (C$)	0.3%	11.4%	15.0%	23346.2
UK & European Equities				
FTSE All-Share (£)	0.4%	8.1%	12.7%	4576.7
MSCI Europe ex UK (€)	1.0%	9.3%	13.3%	1841.3
Asian Equities				
Topix (¥)	1.0%	14.6%	16.3%	2712.6
Hong Kong Hang Seng ($)	2.1%	5.5%	-2.1%	17989.1
MSCI Asia Pac. Ex-Japan ($)	-0.1%	8.6%	13.2%	574.3
Latin American Equities				
MSCI EMF Latin America ($)	-2.4%	-16.0%	-5.2%	2237.1
Mexican Bolsa (peso)	-0.9%	-7.6%	0.0%	53029.6
Brazilian Bovespa (real)	-0.1%	1.0%	17.1%	135496.3
Commodities ($)				
West Texas Intermediate Spot	0.1%	5.9%	-9.2%	75.9
Gold Spot Price	-0.5%	20.9%	28.6%	2497.8
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-0.4%	2.0%	7.0%	480.6
JPMorgan Emerging Mkt Bond	-0.1%	6.1%	12.7%	900.4
10-Year Yield Change (basis points*)				
US Treasury	11	3	-20	3.91%
UK Gilt	10	48	-34	4.01%
German Bund	8	28	-16	2.30%
Japan Govt Bond	0	28	25	0.90%
Canada Govt Bond	13	5	-40	3.16%
Currency Returns**				
US$ per euro	-1.2%	0.1%	1.9%	1.105
Yen per US$	1.2%	3.6%	0.4%	146.13
US$ per £	-0.6%	3.2%	3.6%	1.313
C$ per US$	-0.2%	1.8%	-0.2%	1.349

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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