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Market Week: September 9, 2024



The Markets (as of market close September 6, 2024)

September has clearly gotten off to a rough start for Wall Street. Stocks plunged lower on fears of an economic decline and a waning labor market. Investors feared that the Federal Reserve, which is now more likely to drop interest rates by at least 50.0 basis points when it meets in a few weeks, may be responding too late. Tech stocks took a big hit with the NASDAQ falling nearly 6.0% last week and nearly 12.0% since July 10. Consumer staples, real estate, and utilities were the only market sectors to gain last week. Information technology declined 7.0%, posting the largest loss among the remaining sectors. Crude oil prices have fallen to levels not seen since 2023. Ten-year Treasuries saw their biggest weekly drop in five weeks, having fallen four straight days and seven of the last 10 days.

The day after Labor Day saw stocks close markedly lower, driven by a notable selloff in technology shares. A major AI company, which had been surging for much of the year, saw its stock decline. The NASDAQ fell 3.3%, the Russell 2000 declined 3.1%, the S&P 500 lost 2.1%, the Dow dropped 1.6%, and the Global Dow dipped 1.2%. Ten-year Treasury yields closed at 3.84%, a decline of 6.7 basis points. Crude oil prices settled at \$70.34 per barrel. The dollar inched up 0.1%, while gold prices dipped 0.2%.

Stocks continued their tailspin last Wednesday. Investors concerned that the economy may be weakening were not encouraged by data that showed a decline in job openings in July (see below). Energy shares led the decline, while tech stocks also underperformed. Of the benchmark indexes listed here, only the Dow ticked up 0.1%. The remaining indexes fell, led by the Global Dow (-0.4%), followed by the NASDAQ (-0.3%). The Russell 2000 and the S&P 500 each lost 0.2%. As investors moved away from stocks, bond prices rose, dragging yields lower. The 10-year Treasury yield fell 7.6 basis points to 3.76%. Crude oil prices fell below \$70.00 per barrel after settling at \$68.84 per barrel. The dollar lost 0.5%, while gold prices were unchanged from the previous day.

Tech stocks rebounded somewhat last Thursday, but the remaining sectors continued to swoon. The NASDAQ gained 0.3% to lead the benchmark indexes listed here. The Russell 2000 fell 0.6%, the Dow declined 0.5%, the S&P 500 dipped 0.3%, and the Global Dow slid 0.2%. Ten-year Treasury yields lost 3.7 basis points, settling at 3.73%. Crude oil prices dipped 0.1% to \$69.13 per barrel. The dollar fell 0.3%, while gold prices rose 0.8%.

Stocks fell on Friday, dragged lower by worries over a slowdown in the labor market and a tech selloff. The NASDAQ lost 2.6%, the Russell 2000 fell 1.9%, the S&P 500 dropped 1.7%, the Global Dow declined 1.2%, and the Dow sank 1.0%. Ten-year Treasury yields lost 2.1 basis points. Crude oil prices decreased 1.5%. The dollar inched up 0.1%. Gold prices fell 0.7%.

Stock Market Indexes

Market/Index	2023 Close	Prior Week	As of 9/6	Weekly Change	YTD Change
DJIA	37,689.54	41,563.08	40,345.41	-2.93%	7.05%
NASDAQ	15,011.35	17,713.63	16,690.83	-5.77%	11.19%
S&P 500	4,769.83	5,648.40	5,408.42	-4.25%	13.39%
Russell 2000	2,027.07	2,217.63	2,091.41	-5.69%	3.17%

Key Dates/Data Releases

9/11: Consumer Price Index

9/12: Producer Price Index, Treasury budget statement

9/13: Import and export prices

Global Dow	4,355.28	4,934.57	4,782.56	-3.08%	9.81%
fed. funds target rate	5.25%-5.50%	5.25%-5.50%	5.25%-5.50%	0 bps	0 bps
10-year Treasuries	3.86%	3.90%	3.71%	-19 bps	-15 bps
US Dollar-DXY	101.39	101.68	101.18	-0.49%	-0.21%
Crude Oil-CL=F	\$71.30	\$73.61	\$68.14	-7.43%	-4.43%
Gold-GC=F	\$2,072.50	\$2,535.30	\$2,524.00	-0.45%	21.79%

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

- Employment increased by 142,000 in August, in line with recent average monthly job growth, but well below the 12-month average of 202,000. Employment growth was revised down in June (-61,000) and July (-25,000), which rendered a combined decrease of 86,000. In August, the unemployment rate ticked down 0.1 percentage point to 4.2%, while both the labor force participation rate (62.7%) and the employment-population ratio (60.0%) were unchanged from the previous month. The total number of unemployed, at 7.1 million, was essentially unchanged from July. Long-term unemployed (+27 weeks) was little changed at 1.5 million. In August, average hourly earnings increased by \$0.14, or 0.4%, to \$35.21. Over the past 12 months, average hourly earnings have increased by 3.8%. The average workweek edged up by 0.1 hour to 34.3 hours in August.
- According to the S&P Global US Manufacturing PMI®, manufacturing production decreased for the first time in seven months in August as sales continued to fall due to increasing reports of demand weakness. Slower sales also led to a reduction in employment. The S&P Global US Manufacturing Purchasing Managers' Index™ posted 47.9 in August, down from 49.6 in July. A reading under the 50.0 mark indicates retraction in manufacturing. The reduction in new orders was the most since June 2023.
- Unlike the manufacturing sector, services expanded in August, with business activity expanding at the fastest pace in nearly two-and-a-half years. The S&P Global US Services PMI® Business Activity Index rose to 55.7 last month, up from 55.0 in July. New orders increased as did input costs, which may have contributed to a decrease in employment.
- The latest data on the international trade in goods and services was released on September 4 and is for July. According to that report, the goods and services trade deficit was \$78.8 billion, \$5.8 billion, or 7.9%, above the June figure. July exports were \$266.6 billion, \$1.3 billion, or 0.5%, more than June exports. July imports were \$345.4 billion, \$7.1 billion, or 2.1%, more than June imports. Year to date, the goods and services deficit increased \$36.2 billion, or 7.7%, from the same period in 2023. Exports increased \$65.9 billion, or 3.7%. Imports increased \$102.1 billion, or 4.5%.
- According to the latest Job Openings and Labor Turnover Summary, on the last business day of July, the number of job openings, at 7.7 million, was about 300,000 below the June figure and was down by 1.1 million over the year. This is the fewest job openings since January 2021. The number of hires in July increased by 273,000 to 5.5 million. The number of total separations rose by 336,000 to 5.4 million. In July, the number of quits was essentially unchanged at 3.3 million but was down by 338,000 over the year.
- The national average retail price for regular gasoline was \$3.289 per gallon on September 2, \$0.024 per gallon under the prior week's price and \$0.518 per gallon less than a year ago. Also, as of September 2, the East Coast price fell \$0.021 to \$3.233 per gallon; the Midwest price decreased \$0.037 to \$3.171 per gallon; the Gulf Coast price dipped \$0.050 to \$2.844 per gallon; the Rocky Mountain price increased \$0.044 to \$3.401 per gallon; and the West Coast price rose \$0.051 to \$4.101 per gallon.
- For the week ended August 31, there were 227,000 new claims for unemployment insurance, a decrease of 5,000 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 August 24 was 1.2%, unchanged from the previous week's rate. The advance number of those receiving unemployment insurance benefits during the week ended August 24 was 1,838,000, a decrease of 22,000 from the previous week's level, which was revised down by 8,000. States and territories with the highest insured unemployment rates for the week ended August 17 were New Jersey (2.8%), Rhode Island (2.5%), Puerto Rico (2.3%), California (2.1%), Minnesota (2.0%), Connecticut (1.8%), New York (1.8%), Pennsylvania (1.8%), Massachusetts (1.7%), and Washington (1.7%). The largest increases in initial claims for unemployment insurance for the week ended August 24 were in New York (+2,604), Michigan (+1,322), Georgia (+1,166), North Dakota (+992), and Massachusetts (+748), while the largest

decreases were in Texas (-1,515), Florida (-1,313), California (-965), Washington (-522), and Virginia (-517).

Eye on the Week Ahead

The latest inflation data is out this week with the releases of the Consumer Price Index and the Producer Price Index. The CPI increased 2.9% over the 12 months ended in June, while the PPI rose 2.2% over the same period.

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).

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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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