Weekly Market Commentary

August 20, 2024

The Markets

The best week of the year?

After two weeks of slow and jolting market performance, a bounty of positive news calmed investors and lifted stock markets higher last week.

"Investors seem to have come to the realization that while the economy may be in fact slowing, the Federal Reserve is going to take action to address that by cutting interest rates on Sept. 18…with a September rate cut a near certainty, the mood in the market has turned on a dime," reported Paul R. La Monica of *Barron's*.

Here's what happened:

Inflation continued to move lower. In July, prices rose 2.9 percent year to year, according to the latest Consumer Price Index report. That was an improvement on June's 3.0 percent increase. The price of gasoline, new and used vehicles, and medical care moved lower, while the cost of shelter, motor vehicle insurance and recreation moved higher.

"It was the first time that the annual pace of inflation was below 3 [percent] since spring of 2021. Even though June's inflation reading was slightly better, the pricing data from last month will likely help convince Fed officials to cut interest rates by at least a quarter of a percentage point at their next policy meeting in September," reported Megan Leonhardt of *Barron's*.

Consumer spending remained strong. Consumer spending is the engine that drives the American economy. After slowing (down 0.2 percent) in June, retail sales accelerated (up 1.0 percent) in July, according to the U.S. Commerce Department's Advance Monthly Sales for Retail and Food Services.

"The retail sales numbers were a blowout versus consensus [expectations], but more importantly it should lay to rest (at least for the moment) all of the 'doom and gloom' that was expressed at the beginning of this month," said a source cited by Rita Nazareth of Bloomberg.

<u>Consumer sentiment brightened</u>. In August, for the first time in five months, consumer sentiment improved, according to the University of Michigan's Consumer Sentiment Survey. Joanne Hsu, the Survey of Consumers Director, wrote:

"Overall, expectations strengthened for both personal finances and the five-year economic outlook, which reached its highest reading in four months, consistent with the fact that election developments can influence future expectations but are unlikely to alter current assessments. Survey responses generally incorporate who, at the moment, consumers expect the next president will be. Some consumers note that if their election expectations do not come to pass, their expected trajectory of the economy would be entirely different. Hence, consumer expectations are subject to change as the presidential campaign comes into greater focus, even as consumers expect that inflation—still their top concern—will continue stabilizing."

Major U.S. stock indices finished the week higher. The yield on longer-maturities of U.S. Treasuries moved higher over the week.

Data as of 8/16/24	**1-Week**	**YTD**	**1-Year**	**3-Year**	**5-Year**	**10-Year**
Standard & Poor's 500 Index	3.9%	16.5%	26.1%	7.4%	14.0%	10.9%
Dow Jones Global ex-U.S. Index	3.6	6.2	13.2	-1.5	4.9	1.9
10-year Treasury Note (yield only)	3.9	N/A	4.3	1.3	1.5	2.4
Gold (per ounce)	3.1	19.6	30.5	11.6	10.4	6.7
Bloomberg Commodity Index	0.2	-3.0	-7.5	0.2	4.5	-2.6

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

<u>SUMMER CAMP IS A GROWING INDUSTRY</u>. Many people have fond memories of sleep-away summer camps that feature hiking, canoeing, swimming and campfire songs. Others remember camp as a place where they learned about music, theater, dance, horseback riding, creative writing, environmental education or other activities.

After stalling during the pandemic, camp is once again a growing industry. A 2023 study conducted by the University of Michigan Economic Growth Institute and the American Camp Association (ACA) found, “camp contributes $70 billion to the national economy directly and through ripple effects, including via business-to-business purchases and labor income.”

About 26 million kids—more than 30 percent of school-age children in the United States—go to summer camp. As a result, day camps and overnight camps have become an important aspect of children’s education and growth reported Kira Garcia of *Bloomberg*.

“Today’s entrepreneurial camp directors are thinking beyond canoes and lakeside cabins,” wrote Garcia. “Want your kid to work on DJ skills, robotics or scuba diving? There’s a camp for that! Specialty programs were the industry’s fastest-growing segment prior to the COVID-19 pandemic and are predicted to be in increasingly high demand from 2023 to 2028.”

Camp is also important for parents. When the school year ends, working parents are left without structured supervision for school-age children. The struggle to juggle work, home and parenting responsibilities can be intense. Camp offers a way for children to refuel and reset, while participating in stimulating activities, reported Alex Frost in *Success*.

One issue for many families is cost. While the average cost of camp varies widely, the average cost is $87 per day, reported Nancy Chen of CBS News. The ACA reports there are ways to reduce or manage the cost of camp, including:

- Applying for a camp scholarship,
- Taking advantage of early registration discounts,
- Choosing a structured payment plan,
- Spending funds in a Dependent Care Flexible Spending Account, and
- Receiving the Child and Dependent Care Tax Credit.

If you’re looking for a present for a younger person, gifting a summer camp experience may be a good choice.

Weekly Focus – Think About It

“Failure is only the opportunity to begin again, this time more intelligently.”

—Henry Ford, American Industrialist and founder of Ford Motor Company

Best regards,

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P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stocks of companies maintained and reviewed by the editors of The Wall Street Journal.

* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

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* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.

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