

# Capital Markets Snapshot

Davis Financial Group

Week ending June 7, 2024

There was a mixed picture of the jobs market last week despite the upside surprise to the May Non-Farm Payroll report. The U.S. saw an increase of 272,000 jobs with gains concentrated in the health care, government, and hospitality sectors; however, the unemployment rate rose to 4% for the first time in over two years. Wages also came in higher than expected with a monthly increase of 0.4%, the highest level since January. Earlier in the week, the April JOLTS report, noted the level of job openings had declined to a three-year low.

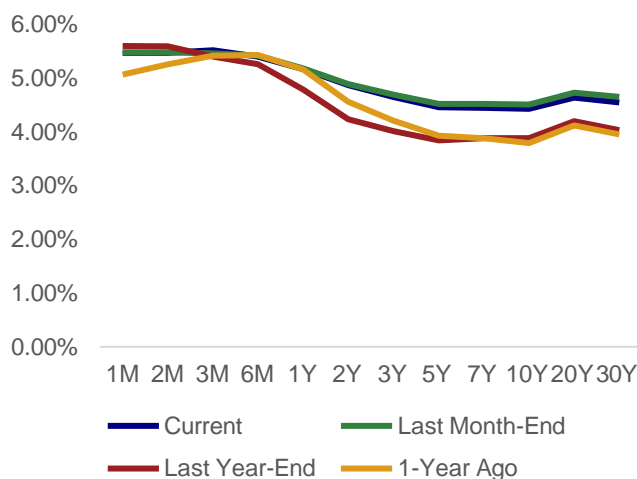
## Fixed Income Markets Overview

- The 10-year U.S. Treasury yield fell earlier in the week but rose following the jobs report on Friday.
- Expectations for a rate cut at the September FOMC meeting rate fell following Friday's jobs report. According to the CME FedWatch Tool, expectations of keeping rates unchanged at the September meeting are now at 49% versus 31% last month.
- Both the Bank of Canada and the European Central Bank announced a rate cut of 25 basis points to their key interest rates last week. This was the first cut for the European Central Bank since 2019.
- Other positive economic news last week included an above expectations increase in the ISM services index, which came in at 53.8.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>Short</b>	1-3 Year Govt/Credit	0.1%	0.9%	0.4%	1.2%
	<b>Core Plus</b>				
	Intermediate Govt/Credit	0.2%	-0.1%	-1.4%	0.7%
	International Aggregate	0.3%	-3.0%	-5.7%	-1.8%
	US Aggregate	0.4%	-1.2%	-3.0%	-0.2%
	US Treasury	0.4%	-1.5%	-3.3%	-0.7%
	US TIPS	0.1%	0.0%	-1.4%	2.0%
	US Corporate	0.4%	-0.8%	-2.7%	0.9%
	US Corporate High Yield	0.4%	2.1%	1.8%	4.1%
<b>Other</b>	Emerging Markets Aggregate	0.1%	1.6%	-2.3%	0.7%
<b>Muni</b>	US Municipals	1.1%	-0.9%	-1.1%	1.1%
	US Municipals High Yield	1.3%	3.0%	-0.1%	2.8%

Source: Bloomberg as of June 7, 2024

## U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of June 7, 2024

## Interest Rates (%)

Date	6/7/2024	5/31/2024	12/29/2023	6/7/2023
Federal Funds Rate	5.47%	5.48%	5.60%	5.07%
3 Month Treasury	5.52%	5.46%	5.40%	5.42%
6 Month Treasury	5.40%	5.42%	5.26%	5.43%
2 Year Treasury	4.87%	4.89%	4.23%	4.56%
5 Year Treasury	4.46%	4.52%	3.84%	3.93%
10 Year Treasury	4.43%	4.51%	3.88%	3.79%
30 Year Treasury	4.55%	4.65%	4.03%	3.95%
US Aggregate	5.06%	5.10%	4.53%	4.72%
US Corporate	5.50%	5.52%	5.06%	5.50%
US Corporate High Yield	7.93%	8.00%	7.59%	8.63%
US Municipal	3.76%	3.93%	3.22%	3.57%
US Municipal High Yield	5.51%	5.63%	5.57%	5.79%

## Spreads Over 10-Year US Treasuries

Date	6/7/2024	5/31/2024	12/29/2023	6/7/2023
30 Year Treasury	0.12%	0.14%	0.15%	0.16%
US Aggregate	0.63%	0.59%	0.65%	0.93%
US Corporate	1.07%	1.01%	1.18%	1.71%
US Corporate High Yield	3.50%	3.49%	3.71%	4.84%
US Municipal	-0.67%	-0.58%	-0.66%	-0.22%
US Municipal High Yield	1.08%	1.12%	1.69%	2.00%

Source: Bloomberg and U.S. Treasury as of June 7, 2024

## Equity Markets Overview

- All three major equity indices were positive for the week. Nasdaq led the pack with a gain of 2.4%, helped in part by chip maker Nvidia's 10% rise over the week.
- Both the mid- and small-cap indices were negative for the week.
- Sectors were mixed for the week with Information Technology's 3.8% increase leading the gainers, while Utilities' 3.8% decline was the largest decline.
- Stocks in the news last week included GameStop, which reported a decline in sales, Spotify, which announced an increase in their subscription price, and Dollar Tree, which may be looking into selling its Family Dollar store chain.
- Look for a few remaining earnings reports this week including Oracle Corp, Broadcom, and Adobe.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	1.1%	12.0%	9.2%	14.7%
Large-Cap	S&P 500	1.4%	12.8%	9.8%	15.1%
	S&P 500 Growth	2.8%	18.7%	9.7%	16.4%
	S&P 500 Value	-0.4%	6.0%	9.0%	12.6%
Mid-Cap	S&P Midcap 400	-2.0%	5.7%	3.7%	10.8%
	S&P Midcap 400 Growth	-2.1%	10.7%	4.0%	10.8%
	S&P Midcap 400 Value	-1.9%	0.4%	3.2%	10.3%
Small-Cap	S&P Smallcap 600	-2.5%	-0.9%	-1.2%	8.8%
	S&P Smallcap 600 Growth	-2.5%	2.7%	-0.3%	9.0%
	S&P Smallcap 600 Value	-2.5%	-4.5%	-2.2%	8.3%
Int'l.	MSCI ACWI ex-USA	0.9%	6.7%	0.2%	6.4%
	MSCI EM	2.4%	5.9%	-5.5%	3.8%

Source: Bloomberg as of June 7, 2024

## Alternative Markets Overview

- Oil fell to its lowest level in several months, as investors weigh the impact of interest rates staying at current levels for longer periods than had been anticipated.
- The price of gold was down for the third week in a row. Reports this week showed China had slowed their purchases of the precious metal during the month of May.
- Bitcoin was up slightly for the week despite falling almost 3% on Friday following the positive May jobs report.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-1.4%	7.9%	12.1%	8.6%
Gold	-0.9%	12.2%	7.1%	11.5%
FTSE All Equity NAREIT	-0.2%	-4.5%	-3.0%	2.7%
Bitcoin	2.4%	64.9%	28.3%	54.1%
Ethereum	-2.5%	60.1%	13.9%	71.5%

Source: Bloomberg as of June 7, 2024



### Upcoming Week

- It will be a week full of economic releases, but the market will be focused on the June FOMC meeting on Tuesday and Wednesday. While no rate hikes are expected, the market will be anxious to see any comments from Fed Chairman Jay Powell.
- Key economic releases this week include the Consumer Price Index (CPI), the Producer Price Index (PPI), the University of Michigan Consumer Sentiment, and U.S. export and import prices.

## Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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