

# Market Update – July 29, 2024

## The Weekly Briefing

The S&P 500 Index declined 2% for the first time in more than a year on Wednesday. The sell-off was ostensibly sparked by disappointing earnings from market heavyweights Tesla and Google parent Alphabet, down -12% and -5% on the day, respectively. An index measuring the performance of the Mag 7 stocks fell -6% on the day – the worst day for the group since late 2022.

As we discussed in [last week's note](#), the equity market rally may be broadening following an extended period of concentrated returns. Despite the sell-off, market internals on Wednesday were notably better than the headline decline might suggest. The S&P 500 net Advance-Decline count – a rarely cited but important measure of market breadth – indicated a continued rotation out of a small group of recent winners. Expanded market breadth is generally supportive of a longer-term bull market across equities.

While improved breadth is constructive, Wednesday's price action gives us pause. Given a two-percent decline in the S&P 500 index, the Advance-Decline measurement was at a level registered only nine times since 1990. The other eight instances occurred near the peak of the dot-com bubble.

Parallels to the early 2000s are understandably worrisome, however there are reasons to believe the current environment is not reflective of the same level of mania as the dot-com bubble. For one, valuations are less extreme. The S&P 500 forward P/E ratio peaked at 31x in 1999; the forward P/E at Friday's close was 22x. Company fundamentals are also healthier. According to Bloomberg, the median operating margin of companies in the S&P 500 is currently 17%, as compared to 13% at the end of 1999.

While we do not believe the current market reflects a bubble, we are wary of – [and have flagged](#) – the risks stemming from extreme concentration. Continued rotation out of select mega cap stocks may lead to near-term volatility in market cap-weighted large cap indexes. This environment reinforces the importance of diversification across and within asset classes to mitigate risk.

### The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
MCD	JOLTs Job Openings	ADP Payrolls Pending Home Sales	Initial Jobless Claims Continuing Claims	Nonfarm Payrolls Unemployment Rate
	AMD AMT ECL MSFT PFE SYK SBUX	FOMC  ARM BA MA META QCOM	ISM Manuf.  AAPL AMZN COP ETN INTC	Avg Hrly Earnings  CVX XOM

### Market Snapshot

	Last Week	YTD	1yr
S&P 500	-1.9%	14.1%	20.0%
DJIA	0.8%	8.8%	16.6%
Nasdaq 100	-2.6%	13.6%	23.8%
Russell 2000	1.8%	10.5%	14.0%
S&P 500 E/W	-0.6%	7.0%	10.0%
2yr Yield	4.43%	0.18%	-0.42%
10yr Yield	4.24%	0.36%	0.37%
VIX	16.4	3.9	3.2
WTI Crude	\$76.6	6.9%	-2.8%
Gold	\$2,387	15.7%	21.0%
Bitcoin	\$67,483	60.9%	128.1%

### Economic Summary

	Actual	Expected	Prior (r)
Existing Home Sales - m/m	-5.4%	-3.2%	-0.7%
New Home Sales - m/m	-0.6%	3.4%	-14.9%
GDP	2.8%	2.0%	1.4%
Initial Jobless Claims	235k	238k	245k
Continuing Claims	1,851k	1,868k	1,860k
Personal Spending - m/m	0.3%	0.3%	0.4%
Personal Income - m/m	0.2%	0.4%	0.4%
PCE Price Index - y/y	2.5%	2.5%	2.6%
Core PCE Price Index - y/y	2.6%	2.5%	2.6%

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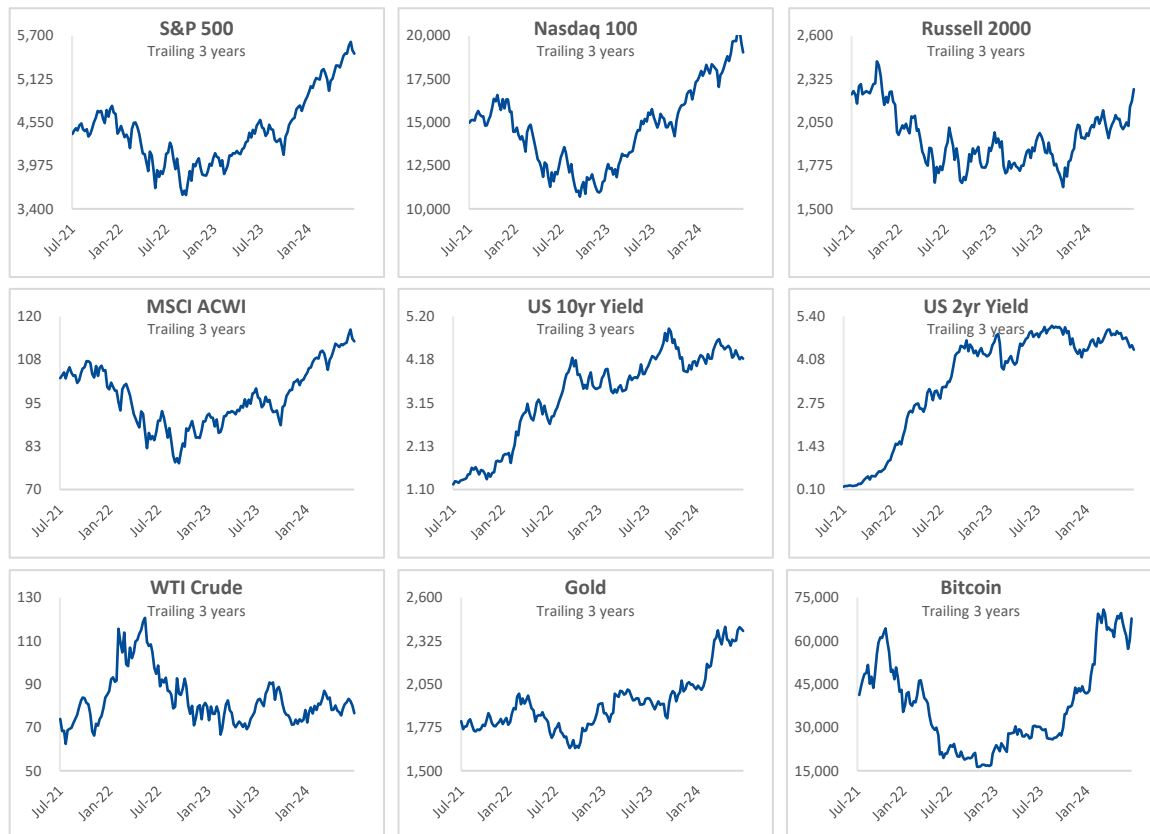
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WEALTH MANAGEMENT

## Markets Monitor



## S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
15.3%	15.8%	2.6%	10.6%
Energy	Financials	Healthcare	Industrials
11.7%	16.3%	10.8%	11.5%
Materials	Real Estate	Technology	Utilities
7.7%	3.4%	12.8%	14.2%



WEALTH MANAGEMENT

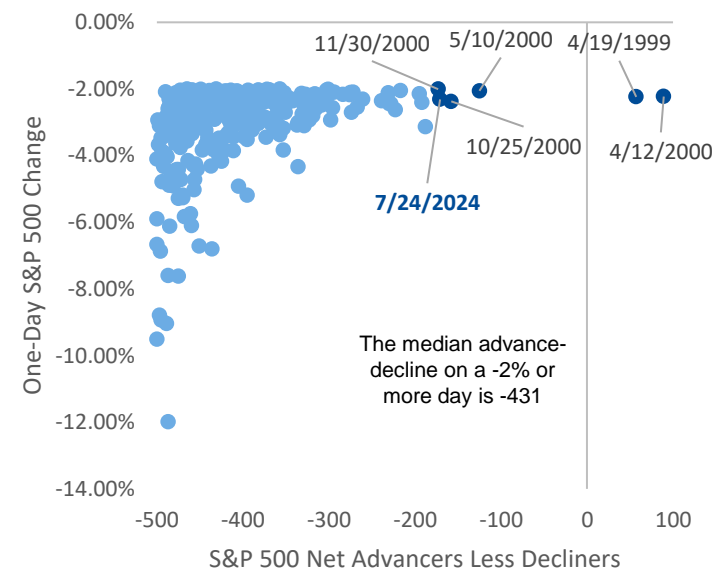
## Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
23-Jul	GOOG	Beat	Beat	-5.0%
	TSLA	Miss	Beat	-12.3%
	V	Miss	Miss	-4.0%
	KO	Beat	Beat	0.3%
24-Jul	TMO	Beat	Beat	4.1%
	IBM	Beat	Beat	4.3%
25-Jul	ABBV	Beat	Beat	3.4%
	RTX	Beat	Beat	8.2%

## World Watch

	Last Week	YTD	1yr
MSCI ACWI	-1.7%	10.7%	15.4%
MSCI Europe	-0.5%	6.4%	10.0%
MSCI APAC	-2.3%	7.2%	8.6%
DXY Index	104.4	3.0%	3.4%
EUR / USD	\$1.09	-2.5%	-3.9%
GBP / USD	\$1.29	1.1%	-0.6%
USD / JPY	153.8	9.0%	9.6%
USD / CNY	7.25	2.1%	1.5%

**The S&P 500 has rarely recorded a net advance-decline count above -200 on a decline of 2% or more since 1990**



Sources: Bloomberg, Bespoke, Logia Portfolio Management, Sunflower Bank.

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