



**Economic & Market Commentary**

Stocks posted moderate to strong gains last week on a rather quiet week for economic reporting. Small-cap stocks posted strong gains as the Russell 2000 index rose +3.62% on the increasing prospect of a Fed rate cut in September. The two big focus items last week were the annual labor market revision and Fed Chair Powell's Jackson Hole speech last Friday. The downward labor market revision of 81,800 fewer jobs was the largest since 2009 and represented a 25% decrease of previously reported jobs. The 12-month average monthly gain through March 2024 went from +246,000 to +178,000 or 68,000 lower per month. A downward revision was widely anticipated but not to this degree. The much weaker U.S. job growth is another notch for a Fed rate cut in September as the labor market is clearly losing steam. This also calls into question whether the Federal Reserve is once again behind the curve like it was with "transitory" inflation. Economic data suggests that they are not behind the curve as third-quarter GDP growth is estimated at +2.0%, initial jobless claims remain well below historical average, the number of jobs available remains above historical average, consumer demand remains solid, and corporate earnings estimates have held steady for 2024 and 2025. Whether or not the Fed is behind the curve is going to play out over the next six to nine months. The other big focus of last week was on the Fed's policy path forward, with firm expectations for some sort of easing in September but still a fair bit of uncertainty about the magnitude and pace given worries about the labor market and the ongoing debate about a soft vs hard economic landing. Attention was firmly focused on Fed Chair Powell remarks at the Fed's annual Jackson Hole conference. The overall take away was that it was a dovish (rate cuts) speech as Powell cited, "with labor concerns and diminished upside risks to inflation, the time has come for policy to adjust."

**Index Total Returns - August 23, 2024**

	1-Wk	YTD	1-Yr
NASDAQ	1.41	19.66	25.67
S&P 500	1.47	19.20	24.77
S&P 400	2.86	12.39	15.46
MSCI-Developed	2.76	11.28	14.14
Dow Jones	1.29	10.56	18.34
Russell 2000	3.62	10.41	12.56
MSCI-Emerging	0.70	9.60	8.04
<b>Barclay's U.S. Bond Index</b>			
High Yield	0.71	6.07	12.64
Int. Gov. Credit	0.52	3.76	7.31
Aggregate	0.67	3.60	7.16
Municipal	0.09	1.28	4.55
5-year Muni	0.49	1.46	4.26

**MBA - National Average Mortgage Rates**



**U.S. Treasury Yields**

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.38	4.48	5.37
U.S. 2-Yr	3.91	4.06	4.95
U.S. 3-Yr	3.72	3.86	4.64
U.S. 5-Yr	3.65	3.76	4.35
U.S. 10-Yr	3.80	3.89	4.18
U.S. 30-Yr	4.10	4.15	4.27

**S&P 500 Sector Total Returns - August 23, 2024**

Sector	1-Wk	YTD	1-Yr
Info Tech	1.08	29.05	38.94
Comm. Services	1.21	23.97	32.56
Utilities	1.29	21.13	16.46
Financials	1.55	19.06	28.02
Consumer Staples	1.64	16.72	13.41
Health Care	1.73	15.04	17.97
Industrials	1.82	14.31	19.10
Real Estate	3.68	10.25	17.87
Energy	-0.28	10.22	7.18
Materials	2.39	9.38	10.49
Con. Discretion	2.10	6.55	11.31

**Municipal Yields - Bloomberg/Barclays Index**

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.29	3.32	3.63
U.S. AA	3.30	3.34	3.65
U.S. A	3.68	3.71	4.16
U.S. Baa	4.16	4.17	4.74
U.S. Municipal	3.44	3.47	3.83
Michigan	3.58	3.59	3.99

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	21.39	18.25	1.24
S&P 400 - Mid Cap	15.95	15.95	1.36
S&P 600 - Small Cap	15.40	15.28	1.64