|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **RESOURCE LOG – July 2024** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
|  |  |  |  |  |
| What’s News | ♦ China’s manufacturing sector stayed in contraction for a second consecutive month in June, underscoring the difficulties the world’s second-largest economy faced after Beijing’s efforts to resuscitate its property sector. | The Wall Street Journal | 07/01/2024 |  |
|  |  |  |  |  |
| The Second Quarter Split the Market  *Modest stock gains and low volatility have masked some large divergences* | ♦ **Beyond artificial intelligence, the S&P 500 has been unloved.**  Artificial intelligence has been the fuel propelling stocks since late 2022, and the second quarter of 2024 was no different. Within the S&P 500, companies related to the theme gained 14.7% in market value this part quarter, whereas the rest lost 1.2%.  The AI corner of the market has now shot up beyond what is warranted by higher earnings forecasts, while valuations elsewhere remain below their March peak.  **♦ More S&P 500 sectors are down than up.**  Tech led the way in the second quarter, followed by previously oversold telecoms and media companies-grouped as communication services. Utilities, which have become an AI play because of expectations that new data centers will stoke electricity demand, also did well. But six out of 11 sectors-healthcare, real estate, financials, energy, industrials and materials-lost market value.  **♦ Index volatility has tumbled, but single-stock volatility hasn’t.**  **♦ “Higher for longer” rates are now priced in.**  **♦ Weaker balance sheets have been punished.** | The Wall Street Journal | 07/01/2024 | Jon Sindreu |
|  |  |  |  |  |
| Output In China Remains in Contraction | China’s manufacturing sector stayed in contraction for a second consecutive month in June, underscoring the difficulties the world’s second-largest economy faced after Beijing’s efforts to resuscitate its property sector.  China’s real-estate sector hasn’t shown signs of reversing from its protracted downturn despite Chinese leaders introduction of fresh support measures… | The Wall Street Journal | 07/01/2024 | World News |
|  |  |  |  |  |
| Growing National Debts Are A Menace, BIS Warns | Governments should cut back borrowing to ease one of the biggest threats to the stability of the global financial system and support efforts to tame inflation, the Bank for International settlements said.  In its annual report on the global economy, the central bank for central banks warned Sunday that rising debt exposed governments to the risk of a crisis similar to the one that shook the U.K. in 2022, when investors shied away from government bonds, driving up borrowing costs, weakening the currency and sending equity markets into a tailspin.  U.S. government debt has been rising even more sharply over the past decade, and the International Monetary Fund warned Thursday that it is set to reach a record high of 140% of GDP by 2023 if taxation and spending don’t change. | The Wall Street Journal | 07/02/2024 | Enes Morina and Paul Hannon |
|  |  |  |  |  |
| What’s News | ♦ The S&P 500 and Nasdaq hit records, rising 0.6% and 0.8%, respectively, with help from the jump in Tesla’s share price, while the Dow industrials rose 0.4%. | The Wall Street Journal | 07/03/2024 |  |
|  |  |  |  |  |
| What’s News | ♦ Fed Chai Powell said he was pleased with how inflation had resumed a downtrend trend, but said it was too soon to say whether the central bank might be able to lower interest rates by the end of the summer. | The Wall Street Journal | 07/03/2024 |  |
|  |  |  |  |  |
| Americans Abroad Get More Bang for a Buck | The U.S. currency has gained 15% against the yen and 2.3% against the euro since the end of 2023. In Argentina and Vietnam, the buck has never gotten so much bang.  The dollar’s ascent reflects America’s economic dynamism, as well as interest rates higher than those of many rich counterparts. A rising dollar boosts Americans’ relative purchasing power by making imports cheaper. At the same time, it generally hurts exports – except the type who carry luggage. | The Wall Street Journal | 07/05/2024 | David Uberti |
|  |  |  |  |  |
| Return of Trump-Tied Trade Sends Treasury Prices Reeling | The increased likelihood of a second Trump administration has helped spark a selloff in U.S. government bonds, with investors betting policies including tax cuts could drive up deficits and inflation.  Treasury yields, which rise when bond prices fall, started surging June 28, a day after a debate between President Biden and former President Donald Trump that Wall Street viewed as delivering a major blow to Biden’s re-election chances.  A rule of thumb on Wall Street holds that budget deficits tend to be larger under one-party control. Many investors think that elevated deficits have already played a role in driving up Treasury yields in recent years by increasing the supply of bonds that the market must absorb and putting upward pressure on inflation – prompting the Federal Reserve to set interest rates higher than they would have done otherwise.  The yield on the benchmark 10-year U.S. Treasury note climbed above 4.45% this week, up from 4.287% before the Biden-Trump debate.  Treasury yields broadly reflect investors’ expectations for what short-term rates set by the Fed will average over the life of a bond. | The Wall Street Journal | 07/05/2024 | Sam Goldfarb |
|  |  |  |  |  |
| Jobs Data Bolster Case for September Rate Cut  *Labor market beat expectations in Juen, but there are signs of gradual cooling* | The U.S. added a solid 206,000 jobs last month, the Labor Department reported on Friday, slightly beating expectations and continuing a remarkably strong run. But the unemployment rate ticked up to 4.1%, a sign of slack in a labor market that has already shown some hints of gradually slowing down.  Average hourly earnings were up 3.9% in June from a year earlier, marking their smallest gain since 2021.  U.S. stocks rose, with the S&P 500 and the Nasdaq composite hitting records. Treasury yields declined. | The Wall Street Journal | 07/06-07/2024 | Justin Lahart and Nick Timiraos |
|  |  |  |  |  |
| Investors Watch for Banking Weakness | ♦ **Unrealized losses on banks’ balance sheets:**  Most of that is because banks bought government bonds such as Treasurys and mortgage-backed securities when interest rates were low and banks were flush with customers’ deposits during the pandemic.  When the Federal Reserve started to raise rates in 2022, the carrying value of these bonds declined. (Bonds sell at a discount when rates go up to offer investors higher yields.)  Most banks shouldn’t have to realize the losses, unless they run into trouble and need to sell assets to raise money.  ♦ **Commercial real-estate losses:** Banks are at the center of the continuing reckoning in the commercial real-estate market. Economists estimate that banks hold anywhere from 40% to 50% of all commercial real-estate debt outstanding, and delinquencies are rising.  **♦ Profits from lending:** Banks are continuing to feel the squeeze from a plateau in interest rates.  At the same time, most banks wouldn’t be able to raise interest rates any more than they already have on their loans and other products. | The Wall Street Journal | 07/11/2024 | Alexander Saeedy |
|  |  |  |  |  |
| S&P 500 Clinches Longest Streak of Records since 2021 | The S&P 500 and Nasdaq composite cruised to records, with investors appearing more confident that interest-rate cuts are on their way.  The broad index logged its sixth straight record close – its longest such streak since 2021…  The Dow industrials added 1.1%, or about 429 points. It is off 0.7% from its record on May 17. The Nasdaq composite jumped 1.2%, notching its 27th record close in 2024.  In bond markets, the yield on the benchmark, 10-year U.S. Treasury note fell to 4.280% from 4.297% on Tuesday. | The Wall Street Journal | 07/11/2024 | Karen Langley |
|  |  |  |  |  |
| OPEC Maintains Its Bullish View for Oil Demand | The Organization of the Petroleum Exporting Countries kept its bullish outlook for oil-demand growth unchanged and raised its economic-growth forecast for this year, citing solid momentum across major economies.  Strong mobility and air travel are set to be the main demand drivers over the summer…  The group raised its estimates for global economic growth to 2.9% from 2.8% this year…  The group of oil-producing countries last month agreed to extend all production curbs into next year. | The Wall Street Journal | 07/11/2024 | Giulia Petroni |
|  |  |  |  |  |
| What’s News | ♦ The S&P 500 and Nasdaq rose 1% and 1.2%, respectively, to records as investors appeared more confident that interest-rate cuts were on the way. The Dow broke a two-day losing streak with an advance of 1.1%. | The Wall Street Journal | 07/11/2024 |  |
|  |  |  |  |  |
| S&P Snaps Win Streak n Cooler Inflation | Cooling inflation sparked a furious rotation in the stock market as investors trimmed bets on big tech leaders and piled into laggards from industrials to small-caps.  Growing certainty that rate cuts were near at hand drove government-bond yields lower and triggered a rush into beaten-down corners of the market that could benefit from falling rates.  The Russell 2000 index of small-cap stocks, which just days ago was flat for 2024, soared 3.6% in its best day since November. Real estate, the S&P 500’s worst-performing sector this year, jumped 2.7%, while the utilities and industrials groups advanced 1.8% and 1.3%, respectively.  The declines by the market’s largest stocks pushed the S&P 500 down 0.9%, ending a streak of six record closes. The tech-heavy Nasdaq Composite retreated 2% in its worst day since April.  The yield on the benchmark 10-year U.S. Treasury note dropped to 4.192% from Wednesday’s 4.280%. | The Wall Street Journal | 07/12/2024 | Karen Langley |
|  |  |  |  |  |
| Milder Inflation Bolsters Rate-Cut Chances | U.S. inflation eased substantially in Juen, extending a recent slowdown in price increases that opens a path for the Federal Reserve to cut rates by the end of the summer.  The consumer-price index, a measure of goods-and-services costs across the economy, fell slightly from Jay, dropping the year-over-year inflation rate to 3%, which was the lowest since June 2023.  Core prices, which exclude volatile food and energy items and are seen as a better gauge of underlying inflation, rose 0.1% since May. That was the mildest increase since January 2021… | The Wall Street Journal | 07/12/2024 | Sam Goldfarb and Nick Timiraos |
|  |  |  |  |  |
| What’s News | ♦ Most economists believe inflation, deficits and interest rates would be higher during a second Trump administration than if Biden remains in the white House, according to a quarterly survey of forecasters by The Wall Street Journal. | The Wall Street Journal | 07/13-14/2024 |  |
|  |  |  |  |  |
| Higher Rates Pinch Large Banks  *JP Morgan chase, Wells Fargo report drop in profit amid Fed’s inflation moves* | The fight to rein in inflation continues to weigh on some of the nation’s largest banks. Higher interest rates crimped their profits and left more consumers struggling to keep up with elevated borrowing costs. | The Wall Street Journal | 07/13-14/2024 | Justin Baer, Gina Heeb and Alexander Saeedy |
|  |  |  |  |  |
| Rate cuts Won’t Help Banks at Once | With the Federal Reserve poised to begin cutting interest rates, banks stand to benefit. But not right away.  High rates have started to wear on the biggest banks, with deposit costs rising and customers like credit-card and commercial-property borrowers feeling the effects of higher debt payments.  Rate cuts could stimulate more borrowing and encourage dealmaking…  If the Fed only cuts rates a few times and doesn’t return to the ultralow rates or previous cycles, that would help keep banks’ interest earnings pretty robust.  But the transition could get rocky. The first small decline in rates probably won’t by itself stimulate a lot of new lending. Yet it will start to eat into banks’ interest earnings on their cash, and on floating-rate loans tied to benchmark rates, like credit cards or corporate revolvers. | The Wall Street Journal | 07/15/2024 | Telis Demos |
|  |  |  |  |  |
| Trillions in Hidden Debt Threaten China  *Local governments borrowed big for projects, driving nation’s growth* | For years, Liuzhou and scores of other Chinese cities together amassed trillions of dollars in off-the-books debt for economic development projects. The opaque financing was the yeast that helped China rise to the envy of the world.  Today, overgrown construction sites, sparsely used highways and abandoned tourist attractions make much of that debt-fueled growth look illusory and suggests China’s future is far from assured. | The Wall Street Journal | 07/15/2024 | Brian Spegele and Rebecca Feng |
|  |  |  |  |  |
| ‘Trump Trades’ Lift Stocks, Bond Yields | Stock indexes pared back some of their gains after Powell signaled that rate cuts are coming but declined to say when.  Bets on a Trump victory in the November presidential election have increased, according to PredictIt data. That has put the “Trump trade” back in focus for investors. Investors expect that a second Trump administration would feature tariffs and tax cuts that could stoke inflation again.  Longe dated bond yields have risen in response, with the benchmark 10-year Treasury yield climbing to 4.231% from 4.187% Friday.  …said Chris Weston, head of research at Pepperstone.  In a potential “red wave” scenario where Republicans controlled the presidency and Congress, Weston sees a positive environment for stocks along with higher long-term bond yields. | The Wall Street Journal | 07/16/2024 | Jack Pitcher |
|  |  |  |  |  |
| What’s News | ♦Powell declined to change expectations that the central bank would hold interest rates steady at its meeting in two weeks, as officials look ahead to potential rate cuts after that. | The Wall Street Journal | 07/16/2024 |  |
|  |  |  |  |  |
| Search for Safety Buoys Treasurys  *Demand is soaking up a huge increase in the supply of U.S. government debt* | The U.S. fiscal outlook is deteriorating. Wall Street doesn’t seem bothered.  A broader rally has pulled Treasury yields well off their highs from 2023, despite a series of jumbo-sized debt sales needed to fill the gap between the government’s spending and revenue.  That is surprising some analysts, who thought the growing debt pile might spark more market disruptions.  Bonds can be subject to the forces of supply and demand like anything else. If investors are satisfied with the amount of bonds they are holding, but are still offered more, that should drive down prices, pushing yields higher.  That could be risky for several reasons. | The Wall Street Journal | 07/17/2024 | Sam Goldfarb |
|  |  |  |  |  |
| Tech Stocks park Nasdaq’s Worst Day Of 2024 | A drop in Magnificent Seven shares helped push the tech-heavy gauge down 2.8%, its biggest one-day decline since December 2022. The S&P 500 fell 1.4%.  The Dow Jones Industrial Average, meanwhile, added 0.6%, clinching a fresh high.  Now, some investors are grappling with how much further tech giants will fall after a stellar run that has sent the Nasdaq up almost 20% for the year.  Meanwhile, investors flocked to corners of the market that seem undervalued. The SPDR Portfolio S&P 500 Value ETF rose for the ninth consecutive session to a record.  Shares of energy companies, financials and real-estate companies notched gains.  Treasury yields slipped further to 4.413% after closing Tuesday at 4.168%, the lowest level since March. | The Wall Street Journal | 07/18/2024 | Gunjan Banerji |
|  |  |  |  |  |
| What’s News | ♦ A broad decline in U.S. stocks pushed the Dow down more than 500 points, snapping a six-session winning streak. After hitting a record the day before, the Dow fell 1.3% while the S&P 500 and Nasdaq slid 0.8% and 0.7%, respectively. | The Wall Street Journal | 07/19/2024 |  |
|  |  |  |  |  |
| Dow Falls 533 Points, Ending Win Streak  *Declines are broad-based with 10 of 11 S&P 500 industry groups falling* | A broad decline in stocks pushed the Dow Jones Industrial Average down 533.06 points Thursday, snapping a six-session winning streak for the blue-chip index.  Investors have been shifting from the megacap tech stocks that dominated the first half of the year into areas of the market that could benefit from potential rate cuts, such as shares of smaller companies and more economically sensitive sectors.  Only three of the Dow industrials 30 stocks finished higher.  The Dow shed 1.3% to 40665.02…  “We expect that interest-rate cuts will help broaden out the participation in markets, which is always a healthy thing,” said Ayako Yoshioka, senior portfolio manager at Wealth enhancement Group. | The Wall Street Journal | 07/19/2024 | Hannah Miao |
|  |  |  |  |  |
| Stock Shift Catches Investors by Surprise | …”Magnificent Seven” group of technology stocks has stumbled.  Investors are even more focused than usual on corporate earnings as they try to anticipate what comes next.  The Russell 2000 index of smaller stocks beat the S&P 500 over the seven days through last Wednesday by the largest margin during a period of that length in data going back to 1986, according to Dow Jones Market Data. The Russell 1000 Value index, meanwhile, notched its biggest lead over its growth-stock counterpart since April 2001, after the dot-com bubble burst. | The Wall Street Journal | 07/22/2024 | Karen Langley |
|  |  |  |  |  |
| Sharp Nasdaq Decline Sparked By Tech  *Magnificent Seven stocks lose most market value in a single day on record* | A stock-market selloff intensified on Wednesday, wiping out hundreds of billions of dollars in value from the Magnificent Seven group of technology giants and pushing the Nasdaq composite to its first decline of 3% or more in 400 trading days.  The thrashing left the S&P 500 down 2.3%, or 128.61 points, its worst day since December 2022, while the Dowo Jones Industrial Average lost 1.2%, or 504.22 points.  The tech-heavy Nasdaq’ decline of 3.6%, or 654.94 points, was its largest drop since October 2022… | The Wall Street Journal | 07/25/2024 | David Uberti |
|  |  |  |  |  |
| Signs Grow That Hottest Job Market In Decades Is Cooling | While the market is still healthy by many measures, signs of difficulty are creeping in.  The unemployment rate ticked up to 4.1% last month – the first time it has crossed above 4% since 2021. That’s still low by historical measures, but it’s up from 3.4% early last year.  Workers have stopped quitting jobs at a frenzied pace, and college grads are having a hard time breaking into the market. | The Wall Street Journal | 07/25/2024 | Jeanne Whalen |
|  |  |  |  |  |
| U.S. Economy Grows at a Faster Pace | The U.S. economy accelerated in the second quarter as consumers increased their spending, businesses invested more in equipment and stocked inventories, and inflation cooled.  Gross domestic product – the value of all goods and services produced in the U.S., adjusted for inflation and seasonality – rose at an annual rate of 2.8% for April through June…  That was faster than the 1.4% pace in the first quarter, and well above the 2.1% rate economists had expected.  Stocks ended the day mixed.  The new data shouldn’t change the outlook for the Federal Reserve. Officials have signaled that they expect to hold interest rates steady at their meeting next week but could cu at their subsequent meeting, in September, if inflation continues to cool.  “The U.S. consumer remains a source of strength in the overall economy,” Capital One financial founder and CEO Richard Fairbank said during an earnings call Tuesday. Still, the effects of high inflation and borrowing costs “are almost certainly stretching some consumers financially,” he said. | The Wall Street Journal | 07/26/2024 | Harriet Torry |
|  |  |  |  |  |
| China Tries to Jolt Stalled Economy with A Rate Cut | China’s central bank took new steps to shore up the country’s sputtering economy, highlighting officials’ anxiety about growth only days after leader Xi Jinping set out his long-term vision to transform the country into a technological powerhouse to rival the U.S.  The People’s Bank of China said Thursday that it cut a key interest rate and pumped the equivalent of more than $25 billion into China’s banking system.  Still, for many economists, while PBOC rate cuts are welcome, they aren’t the right medicine for what ails the economy.  Growth is under pressure from an epic property bust and a collapse in consumer confidence. | The Wall Street Journal | 07/26/2024 | Jason Douglas |
|  |  |  |  |  |
| What’s News | ♦ U.S. inflation broadly met expectations in June, keeping alive hopes for rate cuts. | The Wall Street Journal | 07/27-28/2024 |  |
|  |  |  |  |  |
| Staples Stocks Are Left Out of Rotation | Investors have been rotating out of technology shares and into those parts of the market that have lagged behind. But one such area – the consumer-staples sector-isn’t benefiting much.  The tech-heavy Nasdaq composite peaked on July 10 and has fallen 6.9% since. | The Wall Street Journal | 07/29/2024 | Aaron Back |
|  |  |  |  |  |
| Investors Are Gobbling Up Convertible Bonds | Smaller companies are feeling good about their prospects. Now, many are rushing to issue low-cost debt that lets investors bet their stocks will climb.  So far this year, U.S.-listed companies have issued $48.6 billion worth of bonds that could convert into stock if their shares rise to a certain price.  With shares of smaller companies springing to life in recent weeks, issuance of convertible debt is expected to keep growing. A surprisingly cool inflation report earlier this month all but convinced investors the Federal Reserve will begin cutting rates in September.  “In the last couple of weeks, small-caps have really been outperforming large-caps. And that has pulled convertible bonds right along with them,” said Michael Miller, chief executive of Wellesley Asset Management, which specializes in convertible-bond investing. | The Wall Street Journal | 07/29/2024 | Vicky Ge Huang |
|  |  |  |  |  |
| What’s News | ♦ Year to date, U.S.-listed companies have issued $48.6 billion of convertible bonds, the highest since 2021, in a sign that smaller firms view their prospects favorably. | The Wall Street Journal | 07/29/2024 |  |
|  |  |  |  |  |
| Fed Is Set To Signal Possible Rate Cuts At Talks | This week’s meeting of Federal Reserve officials will be one of the most consequential in a while, even if the central bankers aren’t likely to cut interest rates this time.  Officials have been surprised by inflation in the past and want more evidence it is truly cooling before crossing the rate-cut threshold.  Nonetheless, officials have grown more wary of waiting too long and blowing a soft landing. Bringing inflation down to the Fed’s 2% goal while maintaining a healthy labor market “is the No. 1 thing that just does keep me awake at night,” Powell told lawmakers this month | The Wall Street Journal | 07/29/2024 | Nick Timiraos |
|  |  |  |  |  |
| Earnings, Fed Loom Over Stock Market  *Energy shares were worst performers in S&P 500 following decline in U.S. crude* | One reason why investors have dumped shares of tech giants in recent weeks is that many have grown concerned that their huge rally in the first half of the year means they need to post unrealistically large profits to justify their share prices.  Those declines have dragged the S&P 500 lower for the past two weeks, cutting the index’s gains for the year to 15%.  Meanwhile, signals from the Fed and economic data could be critical for the other half of the recent market rotation. | The Wall Street Journal | 07/30/2024 | Sam Goldfarb |
|  |  |  |  |  |
| Bond Funds Draw In Record Amounts | After more than a decade of paltry bond yields, and just two years removed from the wors year for bonds on record, the combination of high rates and falling inflation offers investors a rare opportunity for investment income. | The Wall Street Journal | 07/30/2024 | Jack Pitcher |
|  |  |  |  |  |
| Tech Stocks Extend Slide amid Earnings and the Fed | Tech stocks extended their recent slide, continuing the stock market’s rotation away from its biggest winners.  The tech-heavy Nasdaq composite fell 1.3% and the S&P 500 dropped 0.5%...  The Russell 2000 small-cap benchmark added 0.3%, building its lead over indexes that are heavily influenced by big tech.  So far in July, the Russell 2000 has outperformed the Nasdaq by 12.8 percentage points, while the Russell 1000 Value index has beaten its growth-stock counterpart by 9 points.  In bond markets, the yield on the benchmark 10-year Treasury note fell to 3.143% from 4.176% on Monday. | The Wall Street Journal | 07/31/2024 | Karen Langley |

“The idea that money doesn’t buy happiness is a lie put about by the rich to stop the poor from killing them.” *-F. Scott Fitzgerald*

The material has been prepared or distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. This material contains information from sources believed to be reliable, however, the accuracy and completeness of the information is not guaranteed.

Any opinions and forecasts expressed in this material are those as of August 2024 and are subject to change at any time, based on market and other conditions.  There is no guarantee that the current market will yield the same results as those in the past. The investment return and principal value of securities will fluctuate and may be worth more or less than original cost when sold.  Diversification does not assure or guarantee better performance and cannot eliminate the risk of investment losses.

Market Indexes are commonly accepted benchmarks for certain classes of securities.  Market indexes are comprised of individual stocks or bonds which are not actively managed and cannot be purchased directly by investors.

Because investors’ situations and objectives vary, this material is not intended to indicate suitability for any particular investor.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity.

We believe the sources to be reliable, however, the accuracy and completeness of the information is not guaranteed. In the event of any discrepancy, the sponsor’s valuation shall prevail.

Securities and advisory services offered through Independent Financial Group LLC, a registered broker-dealer and investment advisor, Member FINRA/SIPC. (OSJ: 12671 High Bluff Dr. Ste. 200, San Diego, CA 92130) Independent Financial Group LLC and Juengling & Associates are independently owned and operated.

Prepared by James M. Juengling.

Juengling & Associates