

Weekly Update – July 15, 2024

Market Returns Ending 7/12/2024			
Category	1 Week	MTD	YTD
US			
Large Cap	0.9%	2.9%	18.6%
Mid Cap	3.4%	2.8%	7.9%
Small Cap	6.0%	4.9%	6.8%
International			
Developed	1.6%	3.8%	9.8%
Emerging	1.9%	3.9%	11.8%
Bonds			
Aggregate	0.6%	1.3%	0.6%
High Yield	0.6%	0.9%	3.5%

US Equity Style Returns			
	Weekly		
	Value	Core	Growth
Large	2.8	1.0	-0.4
Mid	3.9	3.4	1.9
Small	6.6	6.0	5.4
	YTD		
	Value	Core	Growth
Large	9.1	17.5	24.7
Mid	7.6	7.9	8.6
Small	4.0	6.8	9.6

Source: Bloomberg

Key Events: Assassination attempt

A failed attempt to assassinate President Trump increased electoral chaos, while President Biden failed to alleviate concerns about his cognitive abilities during a NATO press conference.

The dominant economic story was lower inflation, leading to market expectations of quicker rate cuts.

Market review: Broadening market returns

Lower inflation data led to expectations of quicker rate reductions and slight bond market gains. This also sent small cap stocks up 6% for the week, while large caps ended slightly positive and international stocks continued their strong July.

Outlook: Lower rates vs a slowing economy

The economy has been slowing in recent weeks, as economic data has been worse than expected in manufacturing activity, the unemployment rate, consumer sentiment, and mortgage applications.ⁱ

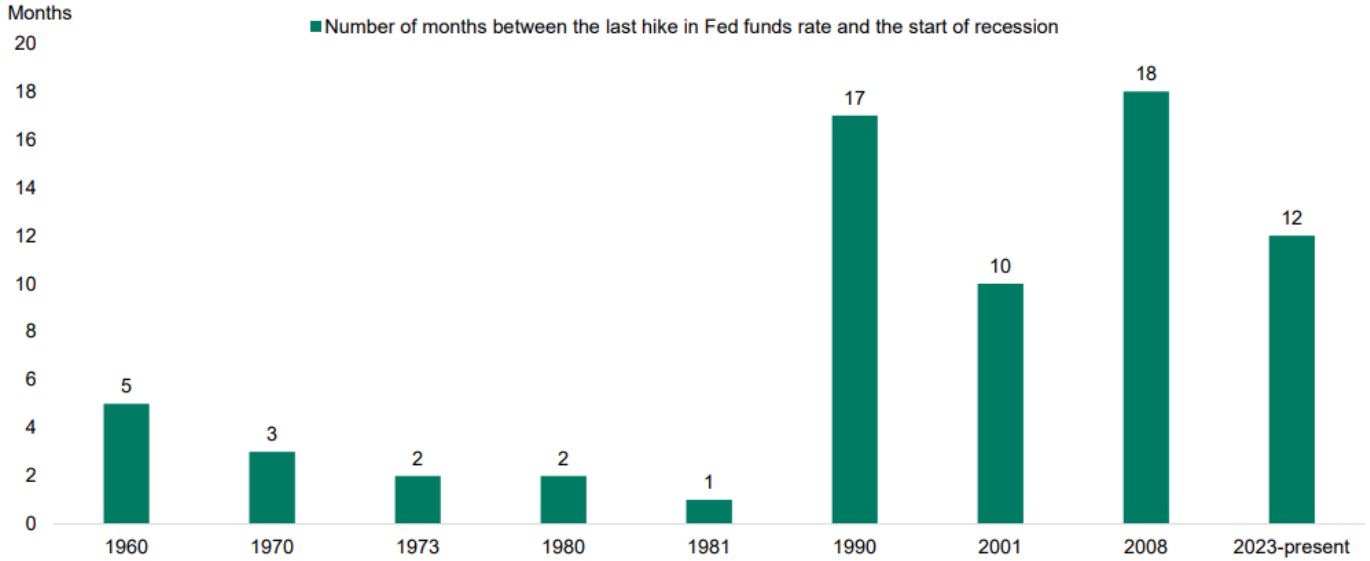
Stocks, however, are up significantly. This tension can be seen in the two charts below, both from Apollo. The first shows that the economy has gone longer than normal between the last Fed rate hike and the onset of a recession; the second chart shows that wealth has grown significantly relative to incomes. The wealth effect of rising markets has made the economy more stable.

Fiscal stimulus is another factor supporting the economy, as we are running one of the largest deficits ever outside of a recession or war.

We remain cautious but fully invested in our stock allocation. Lower inflation should allow the Fed to lower rates, deferring a recession and allowing market returns to broaden beyond the S&P 500.

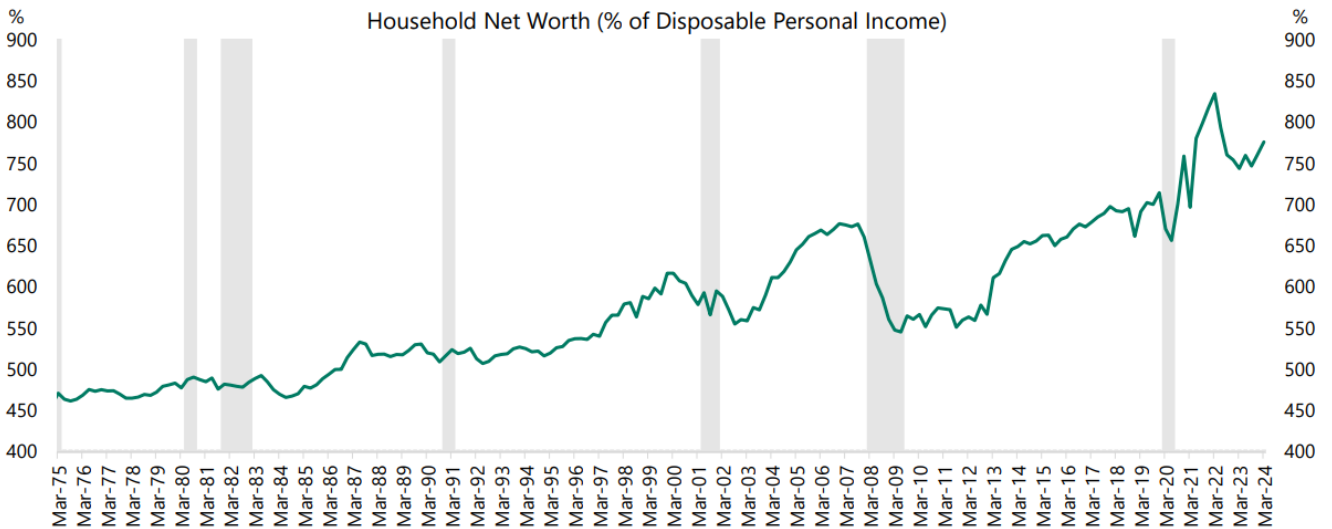


Number of months from last Fed hike to start of recession



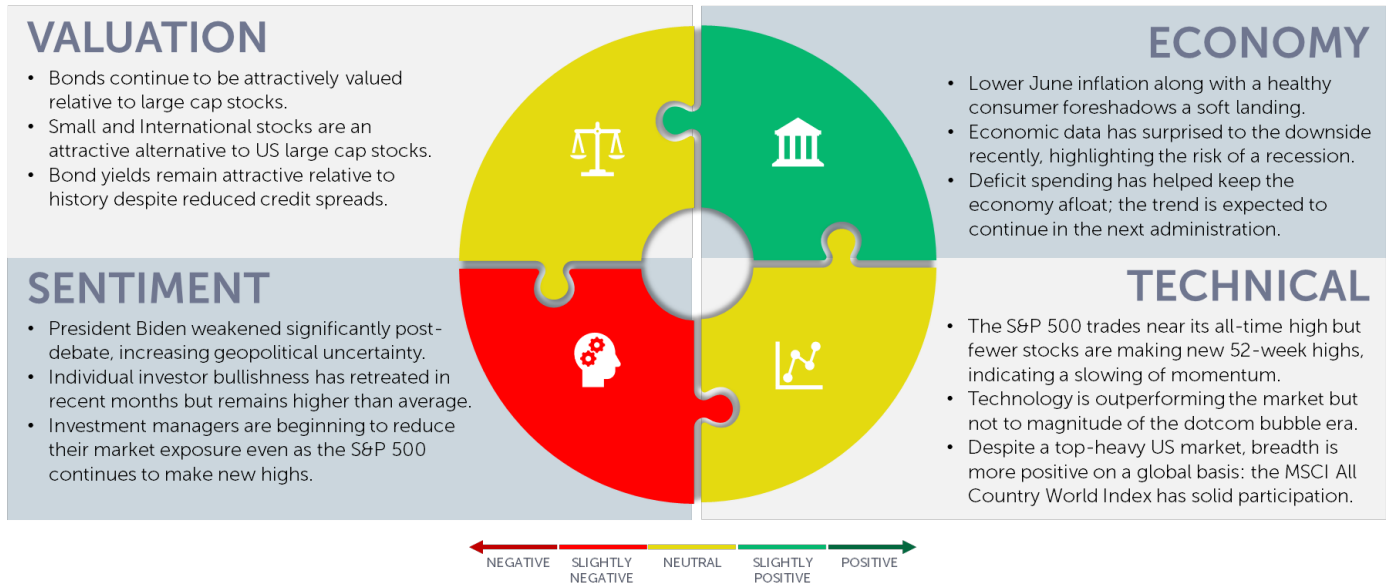
Source: Federal Reserve Board, Haver Analytics, Apollo Chief Economist

Household net worth close to all-time highs



Source: FRB, Haver Analytics, Apollo Chief Economist

OneAscent Navigator Outlook: July 2024



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ⁱ Sources: Institute for Supply management, Bureau of Labor Statistics, Conference board, Mortgage Bankers Association

ⁱⁱ Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield