

## Weekly Update – July 22, 2024

Market Returns Ending 7/19/2024			
Category	1 Week	MTD	YTD
<b>US</b>			
Large Cap	-1.9%	0.9%	16.3%
Mid Cap	0.6%	4.4%	6.9%
Small Cap	1.7%	6.7%	8.6%
<b>International</b>			
Developed	-1.5%	3.0%	8.9%
Emerging	-1.5%	2.3%	10.0%
<b>Bonds</b>			
Aggregate	-0.1%	1.5%	0.7%
High Yield	0.4%	1.5%	4.1%

US Equity Style Returns			
	<b>Weekly</b>		
	Value	Core	Growth
Large	0.7	-1.8	-3.9
Mid	0.6	0.0	-1.7
Small	3.0	1.7	0.4
	<b>YTD</b>		
	Value	Core	Growth
Large	9.9	15.4	19.8
Mid	8.2	7.9	6.8
Small	7.1	8.6	10.1

Source: Bloomberg

### **Key Events: Please reboot**

A widespread technology outage caused significant disruption to airlines, banks and hospitals.

President Trump rebooted the Republican Party in his family's image as he accepted the Republican nomination, while democrats seek to reboot their campaign by replacing President Biden.

### **Market review: Rotation from large to small**

Small cap stocks continued their strong performance, up 1.7% for the week and 6.7% for the month, while large and international stocks declined 2% and 1.5% on the week, respectively.

Investment grade bonds took a pause from a July rally, while high yield bonds continued their strong performance in a sign of continued risk appetite.

### **Outlook: Broadening of earnings and returns**

Lower inflation has driven a healthy shift towards small-cap stocks, as broad-based rallies tend to be more sustainable. Attractive valuations support this trend, as does governmental stimulus. Currently, we are operating with one of the largest fiscal deficits seen outside of a recession or wartime, supporting a potential soft-landing scenario which may allow the rally to continue.

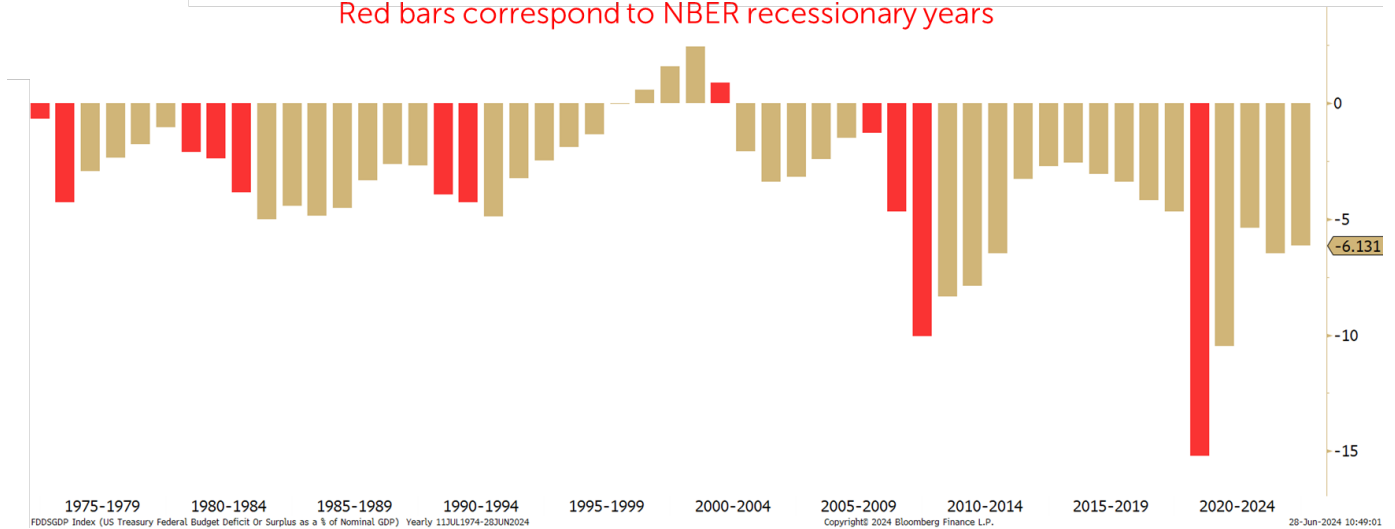
There is a clear catalyst for the ongoing rotation towards small caps. After AI driven earnings drove large caps to dominance in 2023, forecasts indicate that small-cap earnings are poised to recover in 2024 and accelerate further in 2025.

As the 2Q earnings season kicks into gear, we remain cautious but fully invested, with an overweight position in fairly-valued small and mid-cap companies.



## Budget Deficit Forecasts <sup>i</sup>

US Fiscal Surplus/Deficit as a percent of GDP  
 Red bars correspond to NBER recessionary years



## OneAscent Navigator Outlook: July 2024

### VALUATION

- Bonds continue to be attractively valued relative to large cap stocks.
- Small and International stocks are an attractive alternative to US large cap stocks.
- Bond yields remain attractive relative to history despite reduced credit spreads.

### ECONOMY

- Lower June inflation along with a healthy consumer foreshadows a soft landing.
- Economic data has surprised to the downside recently, highlighting the risk of a recession.
- Deficit spending has helped keep the economy afloat; the trend is expected to continue in the next administration.

### SENTIMENT

- President Biden weakened significantly post-debate, increasing geopolitical uncertainty.
- Individual investor bullishness has retreated in recent months but remains higher than average.
- Investment managers are beginning to reduce their market exposure even as the S&P 500 continues to make new highs.

### TECHNICAL

- The S&P 500 trades near its all-time high but fewer stocks are making new 52-week highs, indicating a slowing of momentum.
- Technology is outperforming the market but not to magnitude of the dotcom bubble era.
- Despite a top-heavy US market, breadth is more positive on a global basis: the MSCI All Country World Index has solid participation.

← NEGATIVE SLIGHTLY NEGATIVE NEUTRAL SLIGHTLY POSITIVE POSITIVE →

*This material is intended to be educational in nature<sup>ii</sup>, and not as a recommendation of any particular strategy, approach, product or concept for any particular advisor or client. These materials are not intended as any form of substitute for individualized investment advice. The discussion is general in nature, and therefore not intended to recommend or endorse any asset class, security, or technical aspect of any security for the purpose of allowing a reader to use the approach on their own. Before participating in any investment program or making any investment, clients as well as all other readers are encouraged to consult with their own professional advisers, including investment advisers and tax advisors. OneAscent can assist in determining a suitable investment approach for a given individual, which may or may not closely resemble the strategies outlined herein.*

---

<sup>i</sup> Source: Congressional Budget Office.

<sup>ii</sup> 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