

# Market Update

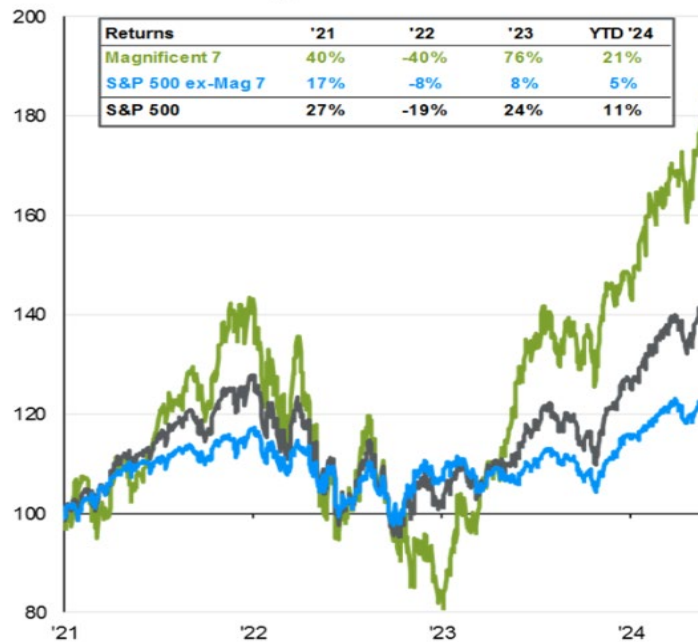
JUNE 2024

**Stay the course...changing your investment strategy at the wrong time can be the single most devastating mistake you can make as an investor.”**

**- John Bogle**

The month of May saw a strong rebound in the equity markets, recouping the losses experienced in April. The S&P 500 Index returned 4.96% for the month and is currently up 11.3% year-to-date. The technology heavy Nasdaq Composite rallied approximately 8.5% and the Dow Jones Industrial Average increased by 3.3%, crossing the 40,000 mark for the first time. Interestingly, Nvidia continued its rise upward after reporting strong quarterly earnings late in the month. The stock is trading at all-time highs and announced a 10-for-1 stock split in early June. Nvidia alone has accounted for a quarter of the S&P 500 Index’s gains this year, while the “Magnificent Seven” tech darlings are up 21% for the year. Looking at the S&P 500 Index’s return year-to-date less the “Magnificent Seven” stocks, we see a gain of 5% as opposed to 11.3%.

**Performance of “Magnificent 7” stocks in S&P 500\***  
Indexed to 100 on 1/1/2021, price return

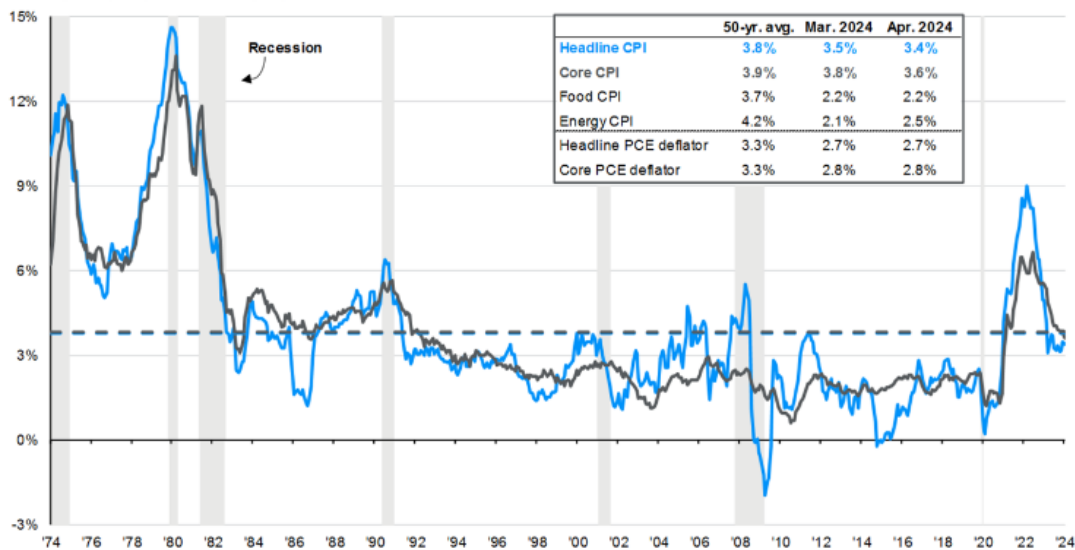


Source: JPMorgan Guide to the Markets

Investors spent the month focused on job gains, gross domestic product (GDP), corporate earnings reports and inflation data to determine when the Federal Reserve might cut interest rates. Inflationary data showed price pressures stabilized in April. The Consumer Price Index (CPI) rose 3.4% for the 12 months ended in April, while the Personal Consumption Expenditures (PCE) price index was unchanged at 2.7% for the year ended in April. Both readings continue to be above the Fed’s target inflation rate of 2%. Growth slowed for the U.S. economy, as measured by GDP, which increased 1.3% in the first quarter, following a 3.4% increase in the fourth quarter. The likelihood of fewer rate cuts this year is rising.

## CPI and core CPI

% change vs. prior year, seasonally adjusted



Source: JPMorgan Guide to the Markets

According to FactSet, by the end of May, 98% of S&P 500 companies reported first-quarter corporate earnings which generally outperformed expectations. As of month end, the blended, year-over-year, earnings growth rate for the S&P 500 is 5.9%; if this is the actual growth rate for the quarter, it will be the highest year-over-year earnings growth rate reported by the index since the first quarter of 2022. It should be noted that during the months of April and May, analysts increased earnings per share (EPS) estimates in aggregate for the second quarter of 2024. From an economic perspective, considering corporate earnings growth, moderate job gains and easing inflation, the U.S. economy seems to be continuing on the soft-landing path.

The Federal Open Market Committee (FOMC) met at the beginning of the month, resulting in interest rates remaining unchanged. The Committee noted that there had been a lack of progress toward reaching its inflation goal of 2.0%. Overall, the FOMC maintained its hawkish stance toward lowering interest rates, with no date set for a reduction. The FOMC meets for the second straight month in June. Investors will focus on how the Fed assesses incoming economic data in determining its policy stance moving forward.

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Sources: JP Morgan Asset Management; NASDAQ; FactSet; Bloomberg; Broadridge. Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); [www.goldprice.org](http://www.goldprice.org) (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy

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