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WIND RIVER WEALTH ADVISORS

In this week's recap: *Despite a dip at the end of the week, stocks closed last week generally higher, with the exception of the economically sensitive small caps of the Russell 2000..*

Market Week: June 10, 2024

The Markets (as of market close June 7, 2024)

Despite a dip at the end of the week, stocks closed last week generally higher, with the exception of the economically sensitive small caps of the Russell 2000. A robust jobs report at the end of last week may have alleviated concerns about an economic slowdown, but it also strengthened the Fed's case to refrain from lowering interest rates until inflation recedes. Nevertheless, both the S&P 500 and the Nasdaq recorded fresh records. Among the market sectors, information technology, health care, communication services, and consumer staples performed well, while utilities, energy, and materials ended the week in the red. With the likelihood of a rate cut diminishing, bond prices fell, driving yields higher. The dollar also benefited from the jobs report, climbing higher against a basket of currencies.

Wall Street began the week on a sluggish note, picking up where it left off the previous week. The Nasdaq flip-flopped for much of the day before closing up 0.6%, indicative of the volatility that ensued for much of the day. The Global Dow gained 0.4% and the S&P 500 edged up 0.1%. The Russell 2000 fell 0.5% and the Dow lost 0.3%. Energy, financials, and industrials were the poorest performing sectors, while information technology and health care scored gains. The yield on 10-year Treasuries fell 11.0 basis points to 4.40%, a two-week low. Crude oil prices dropped more than 3.0% to $74.04 per barrel, its lowest point in four months after OPEC+ announced a plan to gradually ease some of its production cuts. The dollar fell 0.5%, while gold prices rose 1.0%.

The three major indexes, the Dow (0.4%), the S&P 500 (0.2%), and the Nasdaq (0.2%) eked out gains last Tuesday, while the Russell 2000 (-1.2%) and the Global Dow (-0.3%) lost value. Real estate and consumer staples gained the most among the market sectors, while energy and materials fell the furthest. Ten-year Treasury yields fell to 4.33%, the lowest in nearly three weeks, as investors see recent economic data as leading to the Fed possibly cutting interest rates as early as September. Crude oil prices continued to decline, falling $0.89 to $73.33 per barrel. The dollar was unchanged, while gold prices declined 1.0%.

A tech rally last Wednesday helped propel the Nasdaq (2.0%) and the S&P 500 (1.2%) to record highs. Among the remaining benchmark indexes listed here, the Russell 2000 advanced 1.5%, the Dow rose 0.3%, and the Global Dow gained 0.2%.

Yields on 10-year Treasuries fell 4.7 basis points to 4.28%. Crude oil prices advanced for the first time in several sessions, gaining $0.90 to $74.15 per barrel. The dollar eked out a 0.2% gain, while gold prices advanced 1.2%.

Stocks closed generally lower last Thursday. The S&P 500 and the Nasdaq dipped less than 0.1%. The Russell 2000 fell 0.7%. The Global Dow and the Dow gained 0.4% and 0.2%, respectively. Initial jobless claims rose more than expected (see below) as investors awaited Friday's employment report for May. Ten-year Treasury yields stayed at 4.28%. Crude oil prices rose for the second straight day, up $1.59 to $75.66 per barrel. The dollar slipped 0.2%, while gold prices advanced for the third day out of the last four after gaining 0.83%.

A strong jobs report last Friday dampened investors' hopes of an interest rate reduction by the Fed. Stocks closed lower on the day, with the Russell 2000 falling 1.1% to lead the downturn. The Global Dow lost 0.4%, the Dow and the Nasdaq slid 0.2%, while the S&P 500 dipped 0.1%. The yield on 10-year Treasuries jumped nearly 15.0 basis points to 4.43%. Crude oil prices declined for the first time in three days, falling $0.31 to $75.24 per barrel. The dollar rose 0.8%, while gold prices dropped 3.4%.

Stock Market Indexes

Market/Index	2023 Close	Prior Week	As of 6/7	Weekly Change	YTD Change
DJIA	37,689.54	38,686.32	38,798.99	0.29%	2.94%
Nasdaq	15,011.35	16,735.02	17,133.13	2.38%	14.13%
S&P 500	4,769.83	5,277.51	5,346.99	1.32%	12.10%
Russell 2000	2,027.07	2,070.13	2,026.55	-2.11%	-0.03%
Global Dow	4,355.28	4,712.83	4,719.76	0.15%	8.37%
fed. funds target rate	5.25%-5.50%	5.25%-5.50%	5.25%-5.50%	0 bps	0 bps
10-year Treasuries	3.86%	4.51%	4.43%	-8 bps	57 bps
US Dollar-DXY	101.39	104.61	104.93	0.31%	3.49%
Crude Oil-CL=F	$71.30	$77.23	$75.30	-2.50%	5.61%
Gold-GC=F	$2,072.50	$2,348.50	$2,309.30	-1.67%	11.43%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- Employment rose by a higher-than-expected 272,000 in May after a net downward revision of 15,000 in the prior two months. The unemployment rate ticked up 0.1 percentage point to 4.0%. The number of unemployed rose by 157,000 to 6.6 million. A year earlier, the jobless rate was 3.7%, and the number of unemployed people was 6.1 million. In May, the labor force participation rate fell 0.2 percentage point to 62.5%, while the employment-population ratio dipped 0.1 percentage point to 60.1%. In May, employment trended up in health care; government; leisure and hospitality; and professional, scientific, and technical services. The number of long-term unemployed (those jobless for 27 weeks or more) rose 100,000 to 1.4 million, which accounted for 20.7% of all unemployed people. In May, average hourly earnings increased by $0.14, or 0.4%, to $34.91. Over the past 12 months, average hourly earnings have increased by 4.1%. The average workweek was unchanged at 34.3 hours in May.

- The S&P Global US Manufacturing Purchasing Managers' Index™ (PMI®) rose to 51.3 in May, above the April estimate of 50.0. The May reading indicated a modest improvement in the health of the manufacturing sector. Helping to drive the rise in the PMI was an increase in new orders, which supported faster expansion in production, the hiring of additional staff, and an overall rise in business confidence. However, costs of production quickened to the fastest pace in over a year, with companies raising their selling prices in response.

- The S&P Global US Services PMI® Business Activity Index rose to a one-year high of 54.8 in May, up sharply from the April reading of 51.3. The increase in business activity reflected a renewed expansion of new orders. Despite the increase in business activity, there was a reduction in employment as service providers were reluctant to replace departing staff. Service providers saw an increase in input costs as wages rose for existing workers and the rate of inflation quickened from the prior month, prompting an increase in prices for services provided.

- The number of job openings fell by nearly 300,000 to 8.1 million in April, according to the latest Job Openings and Labor Turnover Summary. This measure was down by 1.8 million from last year. In April, the number of hires was little changed at 5.6 million. The number of total separations in April was 5.4 million, while the number of quits was 3.5 million. In April, the number of layoffs and discharges was 1.5 million.

- According to the latest report from the Bureau of Economic Analysis, the international trade in goods and services deficit was $74.6 billion in April, up $6.0 billion, or 8.7%, from the March estimate. April exports were $263.7 billion, $2.1 billion, or 0.8%, more than March exports. April imports were $338.2 billion, $8.0 billion, or 2.4%, more than March imports. Year to date, the goods and services deficit increased $5.5 billion, or 2.0%, from the same period in 2023. Exports increased $32.2 billion, or 3.2%. Imports increased $37.8 billion, or 2.9%. Over the first quarter of 2024, the United States showed trade surpluses, in billions of dollars, with South and Central America ($19.7), Netherlands ($18.4), Singapore ($8.8), Australia ($8.4), Hong Kong ($7.2), Brazil ($6.4), United Kingdom ($4.1), Switzerland ($3.5), Saudi Arabia ($2.7), and Belgium ($2.5). Deficits were recorded, in billions of dollars, with China ($61.8), Mexico ($43.5), European Union ($38.5), Vietnam ($27.2), Germany ($22.5), Japan ($16.4), Taiwan ($14.7), South Korea ($13.5), Italy ($11.7), India ($11.3), Canada ($7.6), Malaysia ($5.9), France ($4.9), Ireland ($3.9), and Israel ($1.5).

- The national average retail price for regular gasoline was $3.516 per gallon on June 3, $0.061 per gallon below the prior week's price and $0.025 per gallon less than a year ago. Also, as of June 3, the East Coast price fell $0.042 to $3.443 per gallon; the Midwest price decreased $0.110 to $3.349 per gallon; the Gulf Coast price declined $0.067 to $3.045 per gallon; the Rocky Mountain price increased $0.006 to $3.360 per gallon; and the West Coast price declined $0.084 to $4.487 per gallon.

- For the week ended June 1, there were 229,000 new claims for unemployment insurance, an increase of 8,000 from the previous week's level, which was revised up by 2,000. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended May 25 was 1.2%, unchanged from the previous week's rate. The advance number of those receiving unemployment insurance benefits during the week ended May 25 was 1,792,000, an increase of 2,000 from the previous week's level, which was revised down by 1,000. States and territories with the highest insured unemployment rates for the week ended May 18 were New Jersey (2.3%), California (2.1%), Washington (1.8%), Massachusetts (1.6%), Rhode Island (1.6%), Illinois (1.5%), Nevada (1.5%), New York (1.5%), Alaska (1.4%), Pennsylvania (1.4%), and Puerto Rico (1.4%). The largest increases in initial claims for unemployment insurance for the week ended May 25 were in Tennessee (+1,880), Michigan (+1,557), Missouri (+839), Minnesota (+756), and Illinois (+750), while the largest decreases were in California (-1,065), Pennsylvania (-818), Ohio (-546), New York (-463), and Florida (-336).

Eye on the Week Ahead

The Federal Open Market Committee meets this week. While it is highly unlikely that the Committee will adjust interest rates lower, the meeting statement and subsequent Chairman's presser may offer some insight into the direction the FOMC is likely to head over the next several months. The Consumer Price Index for May is out this week. Consumer prices rose 0.3% in April and 3.4% over the past 12 months, well above the Fed's 2.0% target rate.

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 (spot gold/silver); Oanda/FX Street (currency exchange rates).

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The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000

U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.

Key Dates/Data Releases

6/12: Consumer Price Index, FOMC meeting statement, Treasury statement

6/13: Producer Price Index

6/14: Import and export prices

Wendy Nelson

President and Founder

Wind River Wealth Advisors

Wendy Nelson : (720) 256-3986

Cheri Lucking : (307) 203-7413

Office Fax : (720) 222-5902

wnelson@windriverwa.com

www.alignable.com

www.windriverwealthadvisors.com

Schedule a meeting