A so-so quarter for stocks and bonds. The stock market had mixed results. The NASDAQ Composite was up +8.3% but the DJIA lost -1.3% while the S&P 500 was up +4.3%. The broad market had limited increases while the major NASDAQ increases were limited to the high-tech stocks, especially those involved with computer chips and AI (led by Nvidia, Amazon and Apple). The Federal Reserve did not lower interest rates and expectations for a cut in 2024 have been reduced to possibly one cut this year. Inflation is still here and even though it is trending in the right direction consumer prices remain high, gas prices are up and housing prices remain high.

The market is slowing as evidenced by lower market results across the board in the 2nd quarter versus the 1st quarter. Employment numbers remain pretty strong. A lot of the employment growth is in the Government and Healthcare sectors; however, these sectors are not the most productive areas of the economy.

The international situation (Ukraine, Israel) remains challenging. However, these conflicts have been somewhat contained for now but the potential spillover to other areas remains a concern.

China remains a key trading partner even though the rhetoric between the US and China continues and China continues to provoke the US and our allies in the South China Sea. Additionally, China is increasingly allying itself with Russia and Iran in an attempt to undermine the US role in the world. The good news about China is in their financial markets-a 2% stock market increase for the quarter, a significant turnaround versus the results for the most recent 12 months. In Europe, election results in both Britian and France portend policy changes as current ruling parties have been ousted.

In summary, we may be in line for a stock market pullback or recession. Second quarter and full year results are detailed below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **QUARTER Ending**  **6/30/2024** | **12 MONTHS Ending**  **6/30/2024** | **THREE YEARS Ending**  **6/30/2024** | **FIVE YEARS Ending**  **6/30/2024** |
| **DJIA** | -1.3% | 16.0% | 6.4% | 10.3% |
| **S & P 500** | 4.3% | 24.6% | 10.0% | 15.1% |
| **NASDAQ Composite** | 8.3% | 28.6% | 6.9% | 17.2% |
| **Bloomberg Agg. Bond** | 0.1% | 2.6% | -3.0% | -0.2% |
| *Mutual Funds* |  |  |  |  |
| Domestic |  |  |  |  |
| *Large Cap* |  |  |  |  |
| Growth | 4.9% | 29.2% | 6.2% | 15.1% |
| Value | -1.5% | 14.8% | 6.5% | 9.9% |
| *Small Cap* |  |  |  |  |
| Growth | -2.6% | 9.1% | -4.4% | 7.5% |
| Value | -4.0% | 11.2% | 2.9% | 9.2% |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| International |  |  |  |  |
| Europe | -0.3% | 11.2% | 2.3% | 6.9% |
| Latin America | -13.4% | -8.4% | -3.5% | -1.7% |
| Japan | -1.6% | 16.5% | 5.0% | 7.8% |
| Pacific ex Japan | 5.5% | 9.7% | -6.5% | 3.1% |
| China | 2.0% | -7.8% | -18.7% | -2.3% |
| India | 9.3% | 29.8% | 11.4% | 12.3% |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **QUARTER Ending**  **6/30/2024** | **12 MONTHS Ending**  **6/30/2024** | **THREE YEARS Ending**  **6/30/2024** | **FIVE YEARS Ending**  **6/30/2024** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Corporate Bond |  |  |  |  |
| Long | -1.2% | 1.6% | -6.7% | -0.9% |
| Intermediate | 0.2% | 3.1% | -3.0% | -0.1% |
| Short | 1.1% | 6.0% | 0.7% | 1.6% |
| Government Bond |  |  |  |  |
| Long | -1.6% | -5.9% | -11.0% | -4.5% |
| Intermediate | 0.3 % | 2.1% | -3.0% | -0.7% |
| Short | 0.9% | 4.4% | -0.2% | 0.7% |
| Municipal Bond |  |  |  |  |
| Long | 0.7% | 4.7% | -1.5% | 1.0% |
| Intermediate | 0.3% | 3.7% | -0.8% | 1.0% |
| Short | 0.6% | 3.3% | 0.6% | 1.1% |

**Market Outlook**

There continues to be a lot going on internationally and we will have the US election this year as well. Financial markets while performing fairly well have diverged considerably when you examine the performance of the large cap growth stocks vs the rest of the market. Therefore, if you are comfortable with your stock and bond/cash allocation, stay with them but we do not recommend any new equity investments at this time.

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