



**Equities**

The S&P 500 rose to a fresh all-time high, its 35th of the year, as soft economic data pushed long-term rates lower. Q3 began with a continuation of first half trends as the technology and communication services industries drove much of the gain. The cap-weighted S&P 500 has surged ahead of its equal-weight cousin to the tune of 12.9% outperformance this year, 8% of which has come in the past two months. In fact, more than half of stocks sit below their 50-day average price despite the market rising 9% over that period. Bank stocks will kick off Q3 earnings season late this week; analysts estimate 8.3% y/y EPS growth, an expectation that will be scrutinized given the moderating growth backdrop indicated by recent economic data.

**Fixed income**

Yields ended the week broadly lower in the wake of Friday's jobs report, where the higher unemployment rate and falling wage inflation both reinforced hopes for a rate cut before the election. Since May, market expectations have coalesced around 2 rate cuts this year. The 10-year ended at the bottom of the week's range, down -12 bps. The 2-year fell -15 bps to 4.60%, the lowest since early April. The Bloomberg Agg gained 0.71% last week and has almost fully clawed back its ytd losses. High yield notched a 0.28% gain.

**Commodities**

Oil prices rose as the U.S. dollar weakened on rising rate cut bets. WTI closed at \$83/bbl, its highest since mid-April. U.S. crude stockpiles fell by -12.2 million barrels, the most in almost a year, steeling investor confidence in the supply/demand balance. Both industrial and precious metals rebounded in a broad rally in commodities.

**Economic overview**

Last week's data show a slowing economy and moderating job growth. Payrolls rose 206,000 in June, but downward revisions and an uptick in the unemployment rate to 4.1% offset the upbeat headline. For the past year, much of the job growth has been driven by government and education hiring. The ISM services measure cratered from 53.8 to 48.8 in June, the lowest since the onset of the pandemic. The ISM manufacturing measure slid to 48.5 in June from 48.7 previously. The Atlanta Fed's GDPNow estimate shows Q2 growth tracking only 1.5%. This Thursday, the consensus expects CPI to rise 0.1% m/m in June.

Equities (price index)		MTD	QTD	YTD	2023
S&P 500	5,567.19	1.95%	1.95%	16.72%	24.23%
DJIA	39,375.87	0.66%	0.66%	4.47%	13.70%
NASDAQ	18,352.76	3.50%	3.50%	22.26%	43.42%
Russell 2000	2,026.73	-1.02%	-1.02%	-0.02%	15.09%
MSCI World	3,580.90	1.97%	1.97%	12.99%	21.77%
MSCI Europe	2,136.04	1.94%	1.94%	5.72%	16.68%
MSCI EAFE	2,364.30	2.15%	2.15%	5.73%	15.03%
MSCI Asia	184.44	2.18%	2.18%	8.88%	8.76%
MSCI EM	1,104.88	1.72%	1.72%	7.93%	7.04%
VIX	12.48	0.04	0.04	0.03	-9.22

Fixed income (total return index)		MTD	QTD	YTD	2023
Barclays U.S. Agg	2,161.93	0.71%	0.71%	0.00%	5.53%
Inv. grade bonds	2,236.22	0.96%	0.96%	0.47%	8.52%
High yield bonds	2,551.17	0.28%	0.28%	2.87%	13.45%
Leveraged Loans	3,897.05	0.17%	0.17%	4.53%	13.32%

Alternatives (total return index)		MTD	QTD	YTD	2023
FTSE NAREIT					
REIT Index	23,344.17	-0.24%	-0.24%	-2.24%	11.36%
GS Commodity Index	587.10	1.51%	1.51%	9.61%	-12.20%
Alerian MLP Index	2,230.77	0.46%	0.46%	18.25%	26.56%

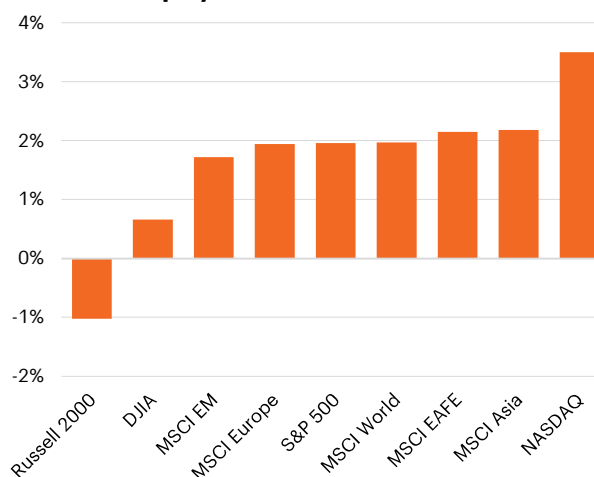
Commodities		MTD	QTD	YTD	2023
WTI Crude	\$83.16	1.99%	1.99%	16.06%	-10.73%
Brent Crude	\$86.54	0.15%	0.15%	12.33%	-10.32%
Natural Gas	\$2.32	-10.84%	-10.84%	-7.76%	-43.82%
Gold	\$2,398	2.48%	2.48%	15.73%	13.45%

Currency		MTD	QTD	YTD	2023
Dollar Index (DXY)	104.88	-0.94%	-0.94%	3.50%	-2.11%
USDCNY	7.27	0.01%	0.01%	2.37%	2.92%
Bitcoin	56,354	-6.26%	-6.26%	32.57%	157.01%

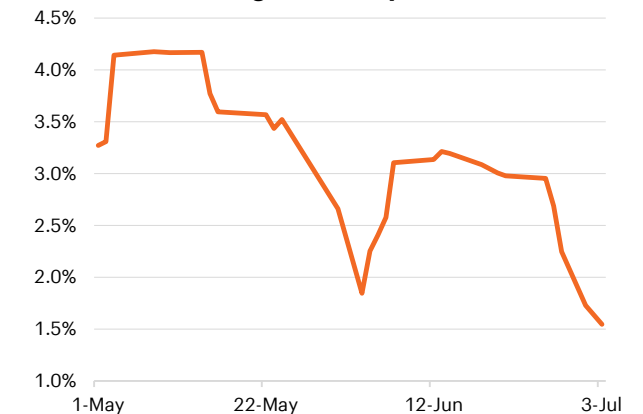
Spreads		MTD	QTD	YTD	2023
Inv. grade bonds	89 bps	-5 bps	-5 bps	-10 bps	-31 bps
High yield bonds	314 bps	5 bps	5 bps	-9 bps	-146 bps
Leveraged loans	429 bps	-1 bps	-1 bps	-30 bps	149 bps
Emerging markets	265 bps	3 bps	3 bps	-32 bps	-42 bps

Interest rates		MTD	QTD	YTD	2023
Fed Funds Target	5.375%	5.375%	5.375%	5.375%	4.38%
SOFR	5.33%	0 bps	0 bps	-5 bps	108 bps
3-month LIBOR*	5.58%	-1 bps	-1 bps	-2 bps	83 bps
2-year Treasury	4.60%	-15 bps	-15 bps	35 bps	-18 bps
10-year Treasury	4.28%	-12 bps	-12 bps	40 bps	0 bps
30-year Treasury	4.48%	-8 bps	-8 bps	45 bps	7 bps
Barclays U.S. Agg	4.88%	-12 bps	-12 bps	35 bps	-15 bps
Inv. grade bonds	5.34%	-14 bps	-14 bps	28 bps	-36 bps
High yield bonds	7.86%	-5 bps	-5 bps	27 bps	-137 bps

**Last week's equity returns**



**Estimate for Q2 GDP growth slumps**



Source: GDPNow estimate, Federal Reserve Bank of Atlanta, as of July 3, 2024..

## Equities

**S&P 500:** Leading single benchmark of large-cap U.S. equities, representing approximately 500 of the largest U.S. companies. **Dow Jones Industrial Average:** Price-weighted measure of 30 U.S. blue-chip companies. **NASDAQ:** Stock market index of stocks listed on the NASDAQ. Index is heavily weighted toward technology companies. **Russell 2000:** Index measuring performance of approximately 2,000 small-cap U.S. equities. **MSCI World Index:** Broad global equity benchmark including both developed and emerging markets. **MSCI Europe Index:** Equity benchmark that measures the performance of large and mid-cap equities across 15 developed countries in Europe. **MSCI EAFE Index:** Equity benchmark that represents the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East. **MSCI Asia Index:** Equity benchmark that captures large and mid-cap representation across developed market countries and emerging market countries in Asia. **MSCI Emerging Markets Index:** Equity benchmark representing 24 developing or emerging market countries, representing 10% of world market cap. For more info on these MSCI indices, visit MSCI.com. **CBOE Volatility Index (VIX):** Key measure of market expectations of near-term volatility conveyed by S&P 500 stock option price.

## Credit

**Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment-grade, fixed-rate bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market.

## Alternatives

**FTSE NAREIT All Equity REITs Index:** Free-float adjusted market cap-weighted index that includes all tax-qualified REITs listed in the NYSE, AMEX, and NASDAQ. **S&P GSCI:** First major investable commodity index. It is one of the most widely recognized benchmarks that is broad-based and production-weighted to represent the global commodity market beta. **Alerian MLP Index:** Leading gauge of energy MLPs, representing about 85% of total industry market cap. **HFRX Global Hedge Fund Index:** Index designed to be representative of the overall composition of the hedge fund universe, comprised of all eligible hedge fund strategies.

## Commodities

**Generic 1st Crude Oil (WTI Crude):** Front-month West Texas Intermediate Crude Oil futures. **Generic 1st Brent Crude Oil (Brent Crude):** Front-month Brent Crude futures. **Generic 1st Natural Gas:** Front-month natural gas futures. **Generic 1st Gold, 100 oz:** Front-month gold (100 oz) futures.

## Currency

**Dollar Spot Index:** Indicates the general international value of the USD by averaging the exchange rates between the USD and major world currencies. **USDCNY:** price of 1 USD in CNY (the Chinese renminbi, or yuan). **Bitcoin:** price of 1 Bitcoin in USD.

## Spreads

**Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **Bloomberg S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market. **Barclays EM USD Aggregate Index:** Flagship hard currency emerging market debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign and corporate EM issuers.

## Interest rates

**Fed funds target:** Target rate for the federal funds policy rate, set by the Federal Reserve each meeting. This rate is an “overnight rate,” i.e., it is the rate charged by depository institutions (banks) to each other for overnight loans. **SOFR:** Secured Overnight Financing Rate (SOFR) measures the cost of borrowing cash overnight collateralized by Treasuries. **ICE 3-Month London Interbank Offered Rate (LIBOR):** Average interest rate at which leading banks borrow funds of a sizable amount from other banks in the London market. LIBOR is the most widely used “benchmark” or reference rate for short-term interest rates. **Treasury rates:** Market yields for U.S. Treasury securities with maturities of 2, 10 and 30 years. **Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market.

**Sources:** Bureau of Labor Statistics (BLS), Department of Labor, Bureau of Economic Analysis (BEA), International Monetary Fund (IMF), OECD, Federal Reserve, Institute for Supply Management (ISM), Mortgage Bankers Association (MBA), U.S. Census Bureau, Standard & Poor's, Bank of America Merrill Lynch, Bloomberg, Macrobond.

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