

Weekly Economic Update for 5/20/2024

Stocks notched a solid gain last week in a mega-cap, tech-led rally bolstered by positive inflation news.

Dow 40,000

The week began quietly as market averages traded in a tight range, awaiting fresh inflation news.

On Tuesday, markets rose steadily throughout the day after digesting a mixed wholesale inflation report.¹

The next day, a cooler-than-expected Consumer Price Index (CPI) report sparked a broad-based rally as the upbeat news raised investors' hopes for a rate cut. The Nasdaq Composite and Standard & Poor's 500 (which ended above 5300 for the first time) closed the day up 1.4 percent and 1.2 percent, respectively. Meanwhile, the bellwether 10-year Treasury yield fell to 4.35 percent.^{2,3}

Investors took a break as the week ended, mostly yawning at mixed economic data. Notably, the Dow closed just above 40,000 on Friday.

MARKET INSIGHTS



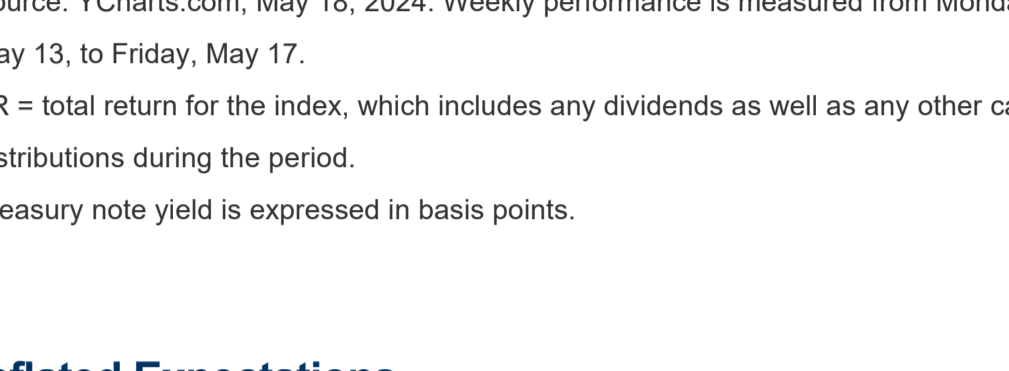
YCHARTS

Weekly Market Insights (WMI)

Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Y TR
Dow Jones Industrial Average	5.67%	6.55%	23.41%	71.38%
MSCI EAFE	6.99%	8.38%	15.63%	48.48%
Nasdaq Composite	5.33%	11.55%	36.38%	120.4%
S&P 500	5.00%	11.66%	30.92%	100.1%

S&P 500 Daily Close



10-Year Note Review

Indicator Name	Latest Value	1M Ago	3M Ago	1Y Ago	1M Change	3M Change	1Y Change
10 Year Treasury Rate	4.42%	4.59%	4.30%	3.97%	-3.70% ▼	2.79% ▲	23.81% ▲

Source: YCharts.com, May 18, 2024. Weekly performance is measured from Monday, May 13, to Friday, May 17.

TR = total return for the index, which includes any dividends as well as any other cash distributions during the period.

Treasury note yield is expressed in basis points.

Inflated Expectations

With the two critical inflation updates last week, attention shifted to the Federal Reserve's next steps with interest rates.

The top-level CPI numbers (known as headline inflation) tend to be less important than what's underneath: core inflation (CPI minus volatile food and energy prices) in the Fed's eye. Core CPI came in at 0.29 percent for April, just below the 0.30 percent from Wall Street. It was the first time the core CPI was lower than forecasts in three months. The news revived speculation that the Fed might consider a rate adjustment as early as September.^{4,5}

This Week: Key Economic Data

Monday: Fed Officials Michael Barr, Raphael Bostic, Christopher Waller, and Philip Jefferson speak for the first time.

Tuesday: Fed Officials Michael Barr, Raphael Bostic, Christopher Waller, and Philip Jefferson speak again. John Williams speaks for the first time for the week.

Wednesday: Existing Home Sales. 20-Year Treasury Bond Auction. FOMC Meeting Minutes.

Thursday: Jobless Claims. New Home Sales. Fed Balance Sheet.

Friday: Durable Goods. Consumer Sentiment.

Source: Investors Business Daily - Econoday economic calendar; May 17, 2024

The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

This Week: Companies Reporting Earnings

Monday: Palo Alto Networks, Inc. (PANW)

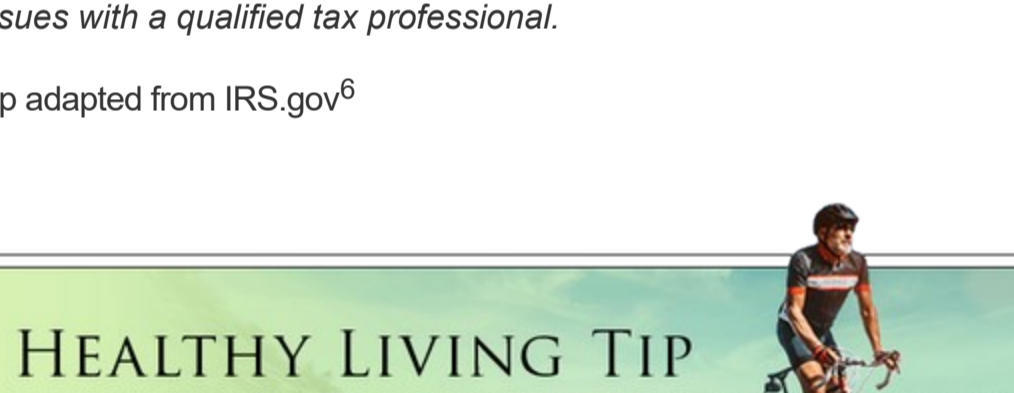
Tuesday: Lowe's Companies, Inc. (LOW)

Wednesday: NVIDIA Corporation (NVDA), The TJX Companies, Inc. (TJX), Target Corporation (TGT)

Thursday: Intuit Inc. (INTU)

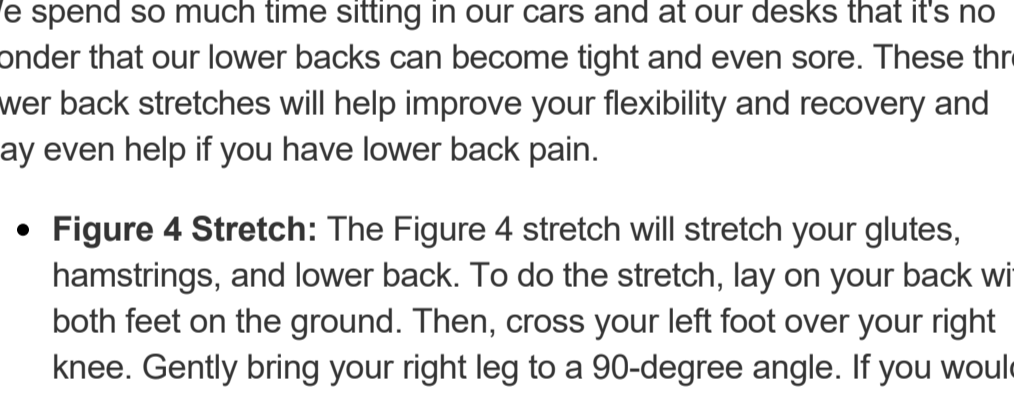
Source: Zacks, May 17, 2024

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.



"The most difficult thing is the decision to act, the rest is merely tenacity."

— Amelia Earhart



Starting a New Hobby? These Tips Can Help You Understand the Tax Situation

Whether you pick up painting or cook new concoctions in your kitchen, starting a new hobby is always fun and a great avenue to learn something new. However, there are some important tax considerations when starting a new hobby, especially if you are considering turning your newfound passion into a business.

Taxpayers must report any income earned from hobbies, even if it does not involve a licensed business. While businesses should make a profit, hobbies are primarily recreation. The following nine factors can guide you in determining whether a hobby could also be considered a business, according to the IRS:

- Whether you execute the activity in a businesslike manner and maintain complete and accurate books and records.
- Whether you have personal motives in performing the activity.
- Whether the time and effort you expend in the activity indicate that you intend to make it profitable.
- Whether you depend on income from the activity for your livelihood.
- Whether your losses are due to circumstances beyond your control (or are normal in the startup phase of your type of business).
- Whether you or your financial professional understand how to parlay the activity into a successful business.
- Whether you successfully made a profit through similar activities in the past.
- Whether the activity will make a profit in some years and how much profit it will make.
- Whether you can profit from appreciating the assets used in the activity.

You can also deduct some of the expenses associated with your hobby. Within certain limits, taxpayers can typically deduct ordinary and necessary hobby expenses. An ordinary expense is common and accepted for the activity, while a necessary expense is appropriate.

**This information is not intended to be a substitute for specific, individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.*

Tip adapted from IRS.gov⁶

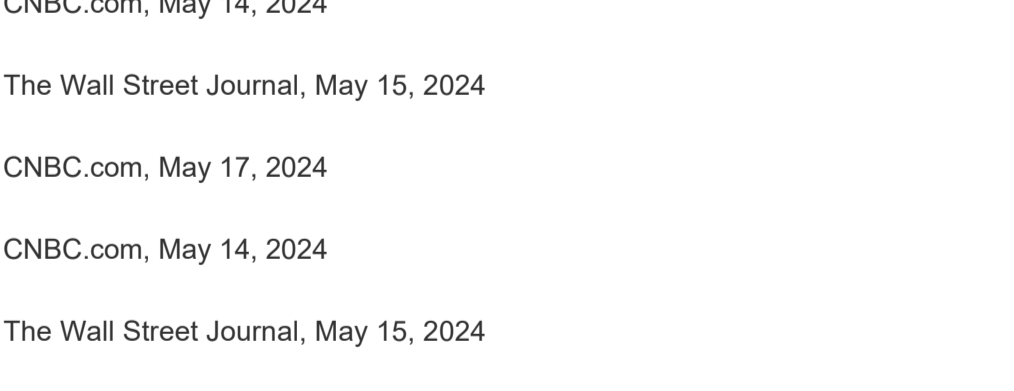


3 Stretches for Your Lower Back

We spend so much time sitting in our cars and at our desks that it's no wonder that our lower backs can become tight and even sore. These three lower back stretches will help improve your flexibility and recovery and may even help if you have lower back pain.

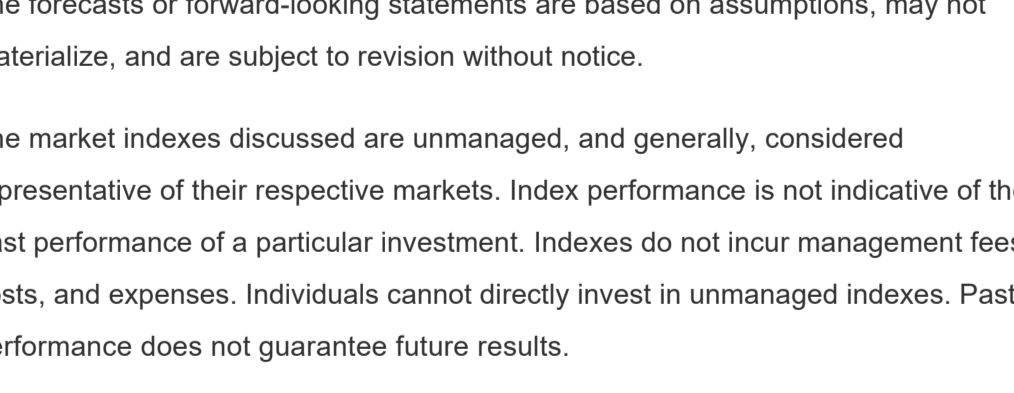
- **Figure 4 Stretch:** The Figure 4 stretch will stretch your glutes, hamstrings, and lower back. To do the stretch, lay on your back with both feet on the ground. Then, cross your left foot over your right knee. Gently bring your right leg to a 90-degree angle. If you would like to increase the intensity of the stretch, grab the back of your thigh and bring your right knee toward your torso. Repeat on the other side.
- **Inner Thigh Stretch/Butterfly Stretch:** This stretch addresses your inner thigh and lower back. Sit on the ground and bring your feet together in front of your knees with the soles of your feet touching. Let your knees fall to the side. To increase the stretch, bring your feet closer to your torso.
- **Pigeon Pose:** To assume the pigeon pose, bring one leg to 90 degrees from your torso and stretch the other leg behind you so your right calf is perpendicular to your hips. To intensify the stretch, bend at the hips over your front leg. Repeat on both sides.

Tip adapted from Very Well Fit⁷



Rigid is my spine, my innards are mostly pale, yet I am always ready to tell a tale. What am I?

Last week's riddle: What should the following number be in this series: 103, 107, 109, 113, 127, ____ ? Answer: 131, as the whole series is made up of prime numbers.



Bullring Shopping Centre Birmingham, England, UK

Footnotes and Sources

1. CNBC.com, May 14, 2024

2. The Wall Street Journal, May 15, 2024

3. CNBC.com, May 17, 2024

4. CNBC.com, May 14, 2024

5. The Wall Street Journal, May 15, 2024

6. IRS.gov, November 15, 2023

7. Very Well Fit, January 24, 2023

Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost.

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The market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results.

The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you own a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

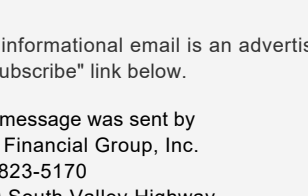
International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

Please consult your financial professional for additional information.

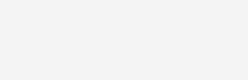
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