

JULY 31, 2023

Weekly Wire

Summer Breeze

By Rusty Vanneman, CMT, CFA, BFA™

The stock market this summer has had a nice Summer Breeze (“and it makes me feel fine”). Though the winning streak for daily consecutive gains in the granddaddy of TV benchmarks, the [Dow Jones Industrial Average](#) was finally snapped last week at 13 (which was its longest winning streak since 1987 and almost since the late 1800s), the weekly winning streak for the Dow (and S&P 500) has now hit three consecutive weeks. Both have hit new 52-week highs. Going into the last day of July, it looks like the S&P will have its fifth consecutive monthly gain. It’s best monthly streak in two years.

It was another solid week for the markets, with all the major equity indices in the table on this page higher, except for the overall bond market. As for bonds, the 10-year Treasury yield did gain 13 bpts last week to finish just below 4%. While this yield is still below recent highs and the highs from last fall on the daily charts, on a monthly closing basis, depending on what happens on the last day of July, it could have its [highest monthly closing yield](#) since 2008. Could this breeze be the sign of something more ominous for the stock market though?

One key report last week was last Friday’s [personal consumption expenditures \(PCE\)](#) index. In short, it continues to show slowing inflation and was even lower than anticipated. Will that be enough to stop the Fed? It might be. The [CME FedWatch Tool - CME Group](#) is now currently pricing an 80% chance that the Fed pauses at their next meeting on September 20th at the current Fed Funds rate range of 5.25-5.50%. Another good report last week was the [Q223 GDP](#) report on GDP. It also came in slightly better than expected. The [GDPNow- Federal Reserve Bank](#) of Atlanta is even now estimating a 3.5% GDP growth for the 3Q23. Never mind the earlier fears of a hard recession, or even a soft landing, could the economy reach a Goldilocks state where economic growth is solid, and inflation is tamed? Given recent data, it’s a fair question.

As for this coming week, in addition to more [earnings reports](#) (particularly from Big Tech), the [monthly jobs report](#) is released this Friday. The current consensus expectation is for 200k more jobs being created and an unemployment rate of 3.6%.

If you have any questions or comments, please let me know: Rusty@Orion.com. Enjoy the week!

Stay invested. Stay diversified. Stay disciplined.

Interest Rates as of July 28, 2023		
Rate	This Week	1 Wk Δ%
13-Wk Treasury Yield	5.26%	0.01%
10-Yr Treasury Yield	3.97%	0.13%
Bloomberg US Agg Yield	4.99%	0.07%
Avg Money Mkt Yield	4.99%	0.04%
Avg 30-Yr Mortgage Rate	7.23%	0.03%

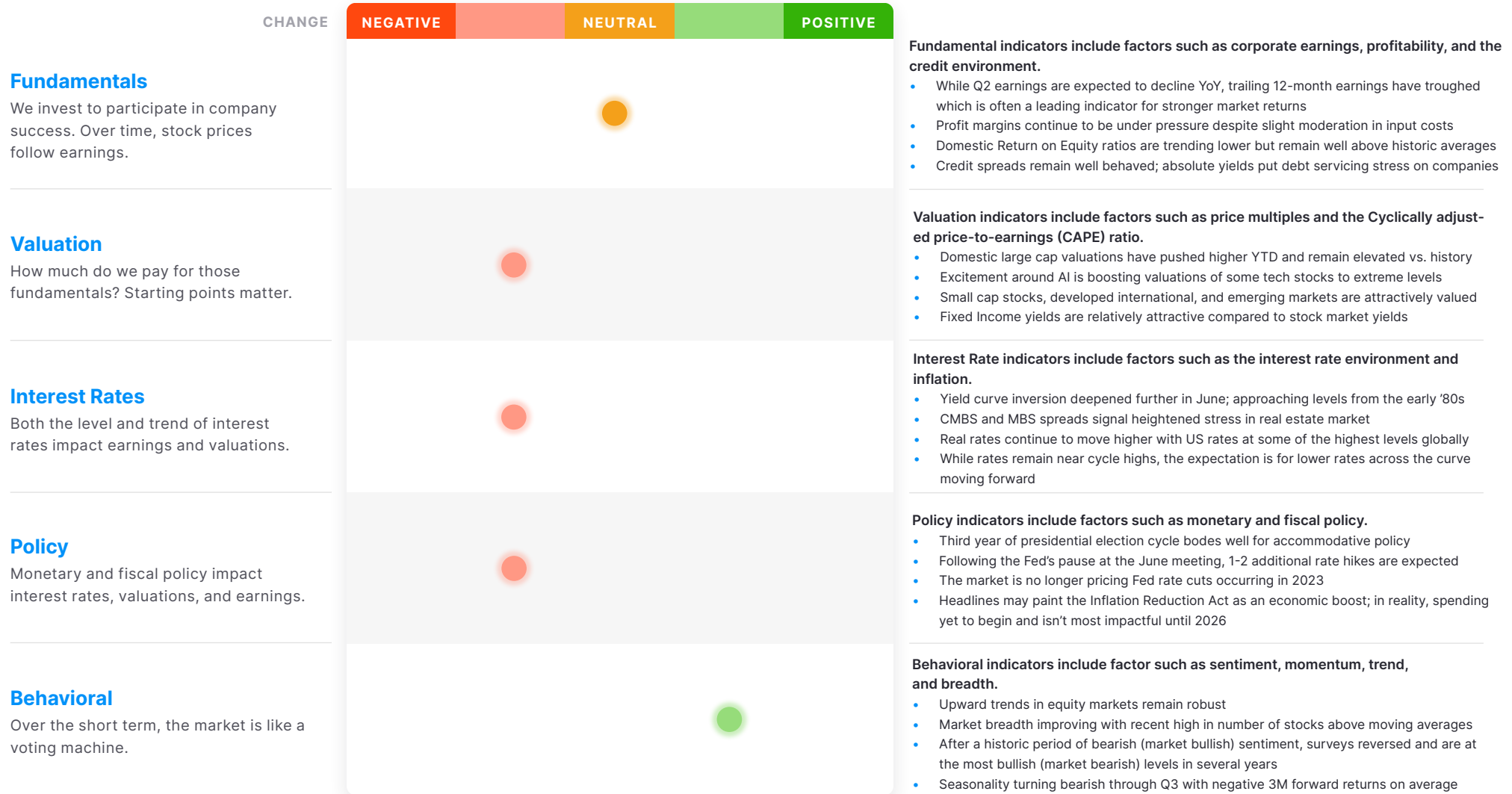
Key Economic Data This Week		
Data Point	Expectation	Release Date
Job Openings	-	8/1/2023
ISM Manufacturing	46.9%	8/1/2023
ADP Employment	173,000	8/2/2023
US Nonfarm Payrolls	200,000	8/4/2023
US Unemployment Rate	3.6%	8/4/2023

Key Economic Data Last Week		
Data Point	Expectation	Actual
New Home Sales	725,000	697,000
Personal Income	0.4%	0.3%
Personal Spending	0.5%	0.5%
PCE YoY	-	3.0%
Core PCE YoY	4.1%	4.2%

Stocks, Bonds, Alternatives, & Real Assets as of July 28, 2023						
Security Name	Risk Score*	1 Wk Δ%	1 Mo Δ%	QTD Δ%	YTD Δ%	12 Mo Δ%
Global Equities (60% US, 40% Intl)	100	1.14%	4.81%	3.50%	17.64%	14.44%
S&P 500 Total Return	110	1.03%	4.81%	3.06%	20.47%	14.46%
Morningstar US Large Cap	110	1.29%	4.86%	3.18%	23.05%	15.90%
Morningstar US Mid Cap	122	0.00%	4.88%	3.12%	11.90%	8.79%
Morningstar US Small Cap	128	0.75%	6.22%	4.40%	15.64%	10.18%
Morningstar US Value	98	1.03%	5.76%	4.11%	8.33%	11.66%
Morningstar US Growth	146	0.49%	4.10%	2.34%	31.15%	13.26%
MSCI ACWI Ex USA	88	1.39%	4.54%	3.81%	14.05%	14.56%
MSCI EAFE	94	0.93%	4.02%	3.10%	15.60%	18.60%
MSCI EM	86	2.86%	5.81%	5.91%	11.31%	8.04%
Bloomberg US Agg Bond Index	35	-0.40%	-0.68%	-0.20%	1.89%	-3.41%
Bloomberg Commodity Index	94	1.07%	7.35%	6.10%	-2.16%	-6.83%
Wilshire Liquid Alternative Index	23	0.17%	0.90%	0.74%	3.36%	2.01%
US Dollar**	42	0.89%	-0.70%	-1.11%	-1.69%	-4.40%
Bloomberg US Treasury Bill 1-3mo	1	0.10%	0.42%	0.39%	2.73%	4.06%

*The Orion Risk Score represents risk relative to the global equity market. **As of 07/27/2023. Table Sources: Morningstar, Yahoo Finance, S&P Global, Crane Data, BankRate, MarketWatch, First Trust.

Brinker Capital Five Factor Market Barometer



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