U.S. Market & Economic Commentary

The Markets
Both equity and bond markets advanced in August following a selloff early in the month. Markets were driven led higher by encouraging economic data and guidance from the US Federal Reserve that suggest interest rates should move lower in September.

Market Indices	August 2024	Year-to-Date
Dow Jones Industrial Average	1.8%	10.3%
S&P 500 Index	2.3%	18.4%
NASDAQ Composite	0.6%	18.0%
MSCI World Index	2.5%	15.5%
Bloomberg US Aggregate Bond Index	1.4%	3.1%
Bloomberg Global Aggregate Bond Index	1.1%	3.2%

The Economy
August data show the US economy maintaining its resilience despite a few weak spots. Economic output measured by Gross Domestic Product (GDP) for Q2 was confirmed at an annualized 3.0 percent, suggesting no slowdown from a top-down view as real year-over-year output has average 3.0 percent for the past five quarters. Supporting this growth has been consumption and personal spending, the latter of which increased by 0.2 percent over the prior month. The consumer outlook has also shown signs of improvement as respondents to confidence and sentiment surveys implied optimistic present and future business and labor market conditions. The Conference Board's Consumer Confidence Index and the University of Michigan's Consumer Sentiment Index both improved over the prior month, rising by 3.7 points and 1.5 points, respectively. However, consumers opinions on the labor market were mixed due to the recent increase in unemployment.

Regarding the job market, recent data continues to confirm a cooldown in hiring trends but not much changed over the previous month. While the US payrolls came in less than expected at 142k, the unemployment rate moved lower by 0.1 percentage points, falling to 4.2 percent. The number of available jobs increased by 4.3 percent to 8.040 million, and wages grew by 0.4 percent over the prior month. Recent data suggests that while the labor market has lost some of its momentum, the job market remains stable and recent unemployment could be a normalization of hiring trends or a mild oversupply of labor.

As for inflation, consumer price trends continue to decelerate. The Consumer Price Index (CPI) fell to 2.5 percent year-over-year from 2.9 percent in the prior month, primarily led by a decline in energy costs. However, excluding food and energy costs, the Core CPI was unchanged at 3.2 percent due to higher shelter costs that have kept core inflation elevated above acceptable levels. As inflation nears the 2.0 percent target, the US Federal Reserve has communicated that interest rates should be lowered as early as September.