

WEEKLY INSIGHT

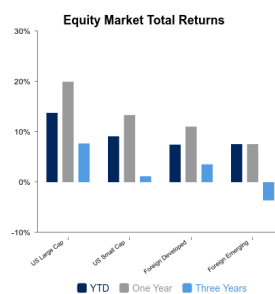
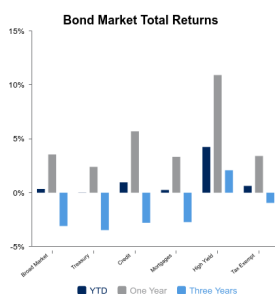
July 26, 2024

A sell-off of big tech stocks sent the S&P 500 down -2.9% for the week with Wednesday reporting a single day retreat of -2.3%. This was the benchmark's worst day since December 2022, ending the best stretch without a 2% drop on a single day at 356 sessions, the longest since 2007. Declines were most pronounced in technology where earnings expectations are priced to such a point of perfection, that even a company's minor disappointment leads to a drubbing of its shares. With 30% of S&P 500 companies having reported, overall earnings have surprised to the upside with sales up 1% and earnings up 4.2%, which was better than expected. While both sales and profits beat analyst estimates, it has been by the smallest margin in two years.

This week, the bond market had a case of the summer doldrums and were down -0.3% while it waits for further directional clues from next week's meeting of the Federal Reserve's rate setting committee. Chances for a rate cut next week are less than 10% but calls for the Federal Open Market Committee (FOMC) to start the process of cutting continue to grow. The consensus forecast of Bloomberg economists shows the first 25 basis point cut in September followed by another in December. Short-term Treasury yields continue to fall in anticipation of rate cuts with the negative spread between two-year and 10-year Treasury notes narrowing to its lowest point since June 2022.

Contract signings on new, single-family homes decreased at a 0.6% annual pace as sales of new homes unexpectedly declined to a seven-month low. High mortgage rates and prices continue to deter prospective buyers. Home sales, after gaining ground throughout the spring, have slumped since May to the most in nearly a year. Stubbornly high mortgage rates have dipped below 7% in recent weeks, but the lower borrowing cost has not motivated buyers, prompting builders to offer sales incentives such as buying down customers' mortgages and slowing the rate of new construction. Rising inventory has put a check on rising home prices. In June, the median sale price of a new home was little changed from a year ago.

Retail sales provided a surprise this week, gaining 0.7% for the month compared to estimates of 0.5%. This aligns with last month's 0.7% figure, but underlying these figures consumers increasingly spent more toward categories where prices have fallen and are slowing purchases of services like dining out.



Interest Rates (%)	Current	12M Ago	3YR Ago
Fed Funds Rate (Upper)	5.50	5.25	0.25
3-Month T-Bill	5.37	5.37	0.04
10-Year Treasury	4.28	3.97	1.36
30-Year Treasury	4.48	4.01	1.99
10-Year Corporate AA	5.16	5.17	N/A
10-Year High Yield Corp	6.55	7.28	4.41

Commodity Prices (\$)	Current	12M Ago	3YR Ago
Gold (\$/oz.)	2,371.26	1,932.23	1,808.32
Oil (WTI, \$/barrel)	82.10	74.83	74.56

Currencies	Current	12M Ago	3YR Ago
USD (Dollar Index Spot)	105.05	101.73	92.13
USD/EUR	0.92	0.91	0.84

Jim Dombek,
JD, CTFA, AFTA
Director of Trust Services
& Counsel
(815) 748-5011

Keith Akre, CFA, CFP
Senior Trust Officer
(815) 748-1443

Mary Phelan, CTFA
Trust Officer &
Operations Supervisor
(815) 748-1607

Carrie Thompson, JD
Trust Officer &
Legal Counsel
(815) 748-5012

Stacia Little
Trust Officer
(815) 748-1609