Market Summary: 2nd Quarter 2024

Reaching new highs throughout the quarter, the equity market continued to be boosted by large cap technology and the AI tailwind. Six mega stocks tied to AI account for most of the entire gain in the S&P 500 index, while the equal weight index (RSP) actually declined for the quarter. With most of the earnings growth coming from just these six stocks, the performance of the rest of the market was spotty. Large Value saw only half the gain of Large Growth, and Small Cap stocks were the worst performers, declining -3.2% for the quarter. Meanwhile, interest rates bounced around but finished down slightly for the quarter; however rates are still higher since the start of the year. Employment remained strong, economic growth moderated, and the rate of inflation continues to slow - all good news for the markets. The Federal Reserve continues to be patient and has not given any further indication of when they might cut rates. It is a 'Goldilocks' market environment for now.

Index Returns:	QTD	YTD		QTD	YTD		QTD	YTD
US Blend Equity (Equal Weight)	-2.62%	4.96%	U.S. Growth	8.87%	21.81%	U.S. Short Bond	0.86%	0.91%
Foreign Developed	-0.31%	5.53%	U.S. Value	4.39%	6.86%	Intermediate Aggregate Bond	0.03%	-0.71%
Emerging Equity	4.39%	6.65%	Small Blend	-3.25%	1.62%	High Yield Bond	0.74%	2.26%

Market Outlook: Two key market drivers for the third quarter will be ex ectations of continued Earnings Growth and the timing of interest rate cuts. With stock valuations uite stretched, the stock market will likely need continued strong earnings growth and/or falling interest rates to sustain the rally. Over the past year, stock prices have risen much faster than earnings, pushing the forward Price/Earning ratio of the S&P 500 up to 21, well above its 5 year average of 19.3 and 10 year average of 17. Earnings growth over the year has been solid at +8.8%, however the S&P Index has risen +22%. With the market always looking ahead, expectations of future earnings growth are uite high, leaving the market potentially vulnerable to a pull back. At the same time, both economic growth and inflation are moderating and may well soften enough for the Fed to move short term rates lower later this year. Thus, near term market direction is likely to be choppy.