

Economic Overview

June 24th - 28rd

Macroeconomic Statistics

INFLATION

- Core Consumer Price Index (CPI) (YoY) (Apr): 3.4%;
- Consumer Price Index (CPI) (YoY) (Apr): 3.3%.

THE FED'S INFLATION TARGET

- The primary price index of personal consumption expenditures (YoY) (Apr): 2.6% (pre: 2.8%);
- Price index of personal consumption expenditures (YoY) (ida): 2.6%, (pre: 2.7%).

INFLATION EXPECTATIONS

- 12-month expected inflation (May): 3.0%, pre: 3.3%;
- 5-year expected inflation (May) 3.0% pre: 3.0%.

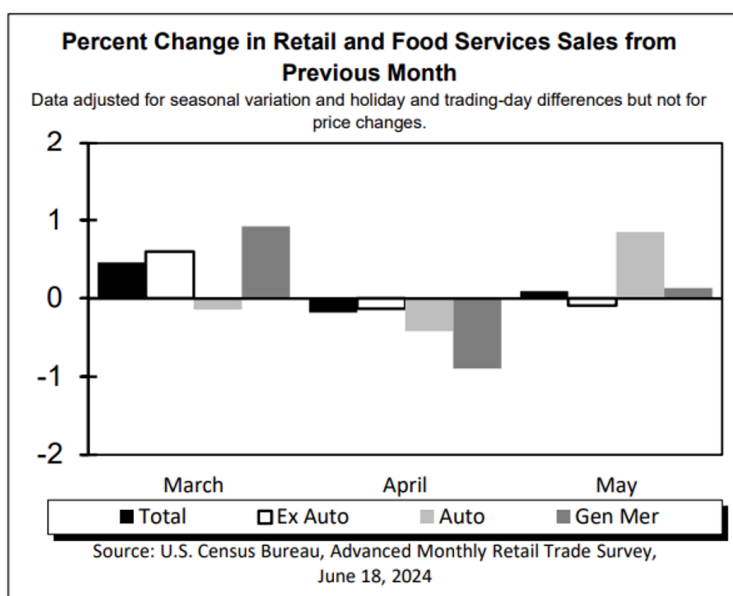
GDP (QoQ) (Q1) (third estimate): 1.4% (second: 1.3%); GDP deflated (QoQ) (Q1): 3.1% (pre: 1.7%).

Business Activity Index (PMI) (above 50 — economic expansion, below — slowdown):

- In the service sector (May): 54.8 (pre: 51.3);
- In the manufacturing sector (May): 48.7 (pre: 51.3).

LABOR MARKET

- Unemployment rate (Apr): **4.0%** (pre: 3.9%);
- Change in the number of people employed in the private non-agricultural sector (Apr): **229K**;
- **Number of initial applications for unemployment benefits:** 233K (pre-239K).

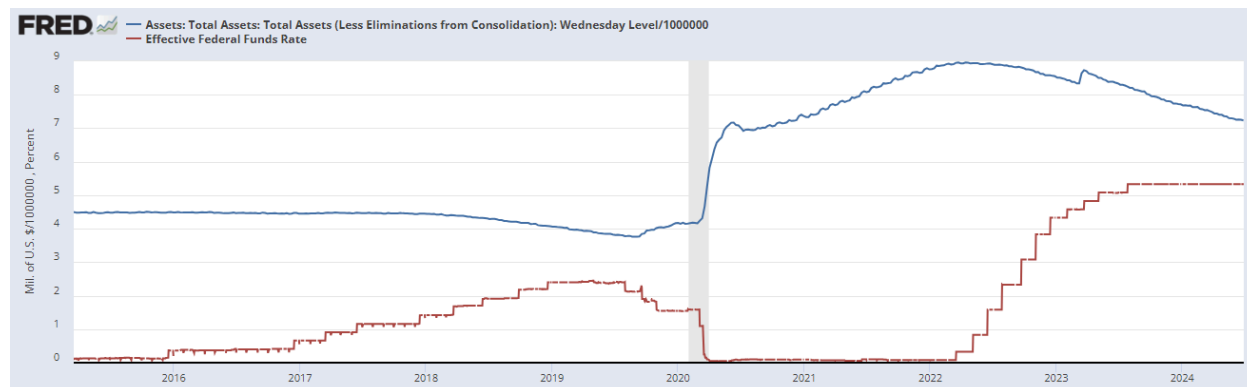


Retail sales are a leading indicator for the Fed's inflation target (PCE index).

MONETARY POLICY

The current interest rate on federal funds (ETFs) is **5.50%** (in red).

The balance of the Fed's highs (\$8.965 trillion) decreased by -\$1.734 trillion (-19.34%) (in blue).



The rhetoric of the Fed representatives: one decline towards the end of the year.

Market Rate Forecast (Fed Watch): 4.75%-5.00% (two decreases for December 2024):

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES								
MEETING DATE	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550
31.07.2024				0,0%	0,0%	0,0%	0,0%	8,8%	91,2%
18.09.2024	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	5,1%	56,6%	38,3%
07.11.2024	0,0%	0,0%	0,0%	0,0%	0,0%	1,6%	21,7%	50,7%	26,0%
18.12.2024	0,0%	0,0%	0,0%	0,0%	1,2%	16,2%	42,8%	32,7%	7,1%
29.01.2025	0,0%	0,0%	0,0%	0,6%	9,2%	30,3%	37,4%	19,1%	3,3%
19.03.2025	0,0%	0,0%	0,4%	5,8%	22,0%	34,6%	26,3%	9,5%	1,3%
30.04.2025	0,0%	0,2%	2,5%	12,2%	27,0%	31,4%	19,7%	6,3%	0,8%
18.06.2025	0,1%	1,5%	7,9%	20,4%	29,4%	24,9%	12,2%	3,2%	0,4%
30.07.2025	0,5%	3,6%	12,1%	23,4%	27,9%	20,7%	9,2%	2,3%	0,2%

Federal Reserve Balance Sheet

AUCTIONS FOR THE SALE OF U.S. GOVERNMENT BONDS

2-year-olds:

Latest Release	Actual	Previous
Jun 25, 2024	4.706%	4.917%

5-year-olds:

Latest Release	Actual	Previous
Jun 26, 2024	4.331%	4.553%

7-year-olds:

Latest Release	Actual	Previous
Jun 27, 2024	4.276%	4.650%

LONG-TERM TREASURY BONDS



In the secondary debt market, despite the promising statistics, investor sentiment worsened during the week after the harsh rhetoric of Fed Board member Bowman, who said that if there was no progress in inflation, the Fed could raise the rate. So far, he does not expect a rate cut this year.

Market

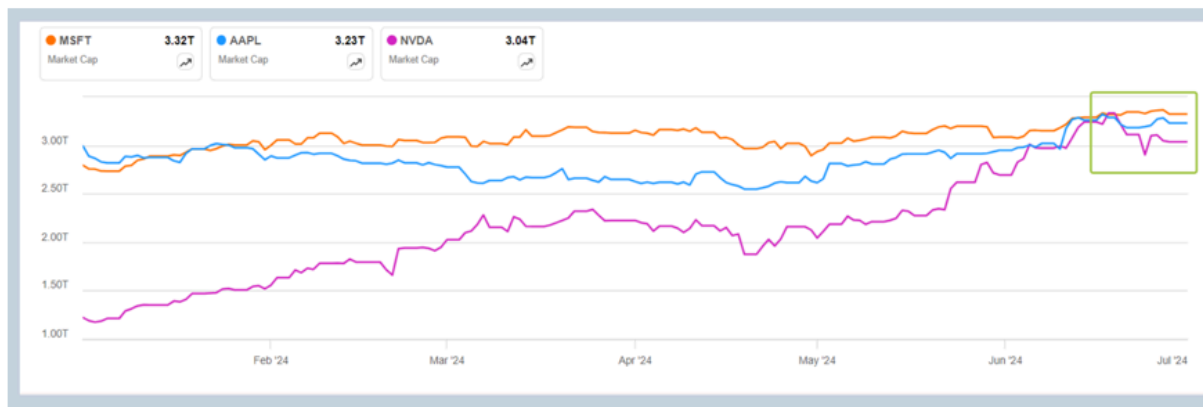
MARKET CAP PERFORMANCE

	1D	1W	1M	3M	6M	YTD	1Y	3Y	5Y	10Y
Industry	Nano	Micro	Small	Mid	Large	Mega	All			
Energy	+2.62%	+2.04%	+1.96%	+2.68%	+2.78%	+3.2%	+2.42%			
Real Estate	+0.63%	+0.24%	+1.39%	+1.64%	+1.24%	+0.79%	+1.3%			
Communication Se...	-1.05%	+0.63%	+2.11%	+2.75%	+0.07%	+1.4%	+1.09%			
Financial Services	+0.18%	+0.67%	+1.75%	+2.05%	+0.28%	-0.45%	+1.05%			
Technology	-1.7%	+0.85%	+0.84%	+1.76%	+0.67%	-0.15%	+0.77%			
Overall Median	-1.52%	+0.5%	+1.1%	+0.89%	-0.04%	+0.38%	+0.53%			
Utilities	-3.45%	+0.06%	+2.54%	+0.81%	+0.07%	+2.11%	+0.37%			
Industrials	+0.81%	-0.38%	+0.48%	-0.67%	-0.74%	-	-0.2%			
Consumer Defensive	-3.69%	+1.33%	+0.79%	+0.75%	-0.46%	-0.29%	-0.24%			
Consumer Cyclical	-2.37%	+0.9%	+0.66%	-0.36%	-1.11%	+4.08%	-0.32%			
Basic Materials	-2.73%	-2.05%	-0.85%	-0.53%	-0.33%	-0.89%	-0.87%			
Healthcare	-2.4%	-1.22%	+0.13%	+0.21%	-1.62%	+0.55%	-1.12%			

The markets' dynamics were multidirectional. The median growth was half a percent, and the leaders were the energy, real estate, and financial sectors. Unlike last week, the outsiders were the defensive sectors: non-discretionary consumption and the utility sector. However, companies with small and micro capitalization have rarely shown positive dynamics in recent years.

This slightly noticeable Risk On is associated with good statistical data. Unlike the US treasury, the stock market does not react so sharply to the Fed's aggressive rhetoric in the current situation.

SP500



The SP500 index has traded with almost zero volatility in the narrow range of 5530-5500 for 9 consecutive sessions. The growth drivers of the MSFT, AAPL, and NVDA indices are also horizontally flat.

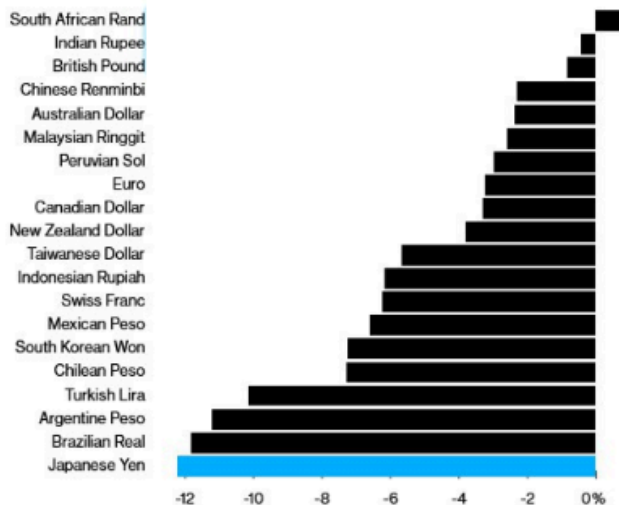
In addition to the previous forecasts, a forecast was released from Stifel, whose analysts expect the S&P500 index to grow by another 10% this year. The forecast is based on an analysis of past bull markets. However, by the end of the year, Stifel expects a correction in the stock market.

US TREASURIES



Fed's High Interest Rates Reverberate Through FX Market

Many major currencies weakened against the US dollar this year on rates gap



Source: Bloomberg

The dollar has been trading in an ascending channel since December last year. The futures price is 105.205. The lower chart clearly shows how a high rate in the United States contributes to the dollar's growth and how this affects world currencies. Almost all are declining against the dollar.

GOLD



Gold continues to trade above the 2300 support level. Geopolitics, particularly the escalation of the conflict between Israel and Lebanon, may act as a new trigger for the growth of the yellow metal. These countries may enter a state of open warfare.

FROM THE NEWS

SpaceX Tender Offer Said to Value Company at Record \$210 Billion

- Price higher than discussed previously amid investor interest
- SpaceX valuation second only to Bytedance's \$268 billion

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