

FINANCIAL FOCUS



A Pegasus Newsletter[©]

July 2024

Dear friends,

As the summer is starting to heat up, market volatility and geopolitical uncertainty continue to be of concern to many investors. The inflation numbers finally look to be cooling off, which could give the Federal Reserve some confidence to reverse course and lower interest rates. If you have any questions or concerns, please don't hesitate to reach out. We hope you have a great rest of the summer.

By, Jaysen Bohrod, CFA

Market Commentary

With the second quarter coming to a close, we saw equity markets rally through the first half of the year. The S&P 500 and the Nasdaq Composite rose 14.47% and 18.127% respectively, as we continue to see major growth and performance contributions from the mega-cap technology stocks. The large concentration of the top 10 stocks in the S&P 500 is continuing to rise and is becoming a topic of concern, reaching an all time high of 37%. A data point to highlight along side this is the earnings contribution of those same top 10 companies to the S&P 500: 26.8%. While this percentage is rising due to earnings growth, it isn't rising as quickly as the valuations. Based on this, we can assume that investors are buying into the idea that these companies have a much higher potential to grow their revenues over the coming years. The Dow Jones Industrial Average rose only 3.79%. This large difference in performance clearly shows the divergence of Mega-Cap technology stocks from the rest of the stock market.

Fixed income rates have seen some volatility in the first half of the year as expectations for Federal Reserve rate cuts have declined significantly, due to much stickier inflation. As the year has progressed, expectations have dropped to possibly only two .25% rate cuts. The US 2 Year Treasury note yield hit a low

of 4.160% in early January then rallied to a 2024 high of 5.046% at the end of April. Since then, the yield declined to 4.72% to close the second quarter. The US 10 Year Treasury rate rallied from a low of 3.817% in February to a high of 4.73% at the end of April. Since then, the yield has dropped to 4.3% as investors attempt to lock in higher rates with the expectation of possible lower yields in the near future.

The first half of 2024 has seen oil price sensitivity in response to geopolitical developments as well as supply questions from major global producers. The US Department of Energy is reporting an expectation for an increase in energy demand for the second half of the year, while OPEC+ members are confirming intentions to restrain supply and adhere to the agreed production quotas. The United States, on the other hand, has continued to produce record amounts of oil, producing more than any other country on average. The price for a barrel of oil saw a steep decline in June to \$73 then rose to \$83 to finish flat for the quarter.

Precious metals like gold and silver have stabilized after reaching all time highs. In the second quarter, the price for an ounce of gold increased 4.5% to \$2,339.60 and the price for an ounce of silver increased 18.63% to \$29.56.



NUMBERS TALK

- Percent of 2024 Federal budget that will go towards interest.....13%
- Unemployment rate in the US.....4%
- Weight of the top 10 stocks in the S&P 500.....37%
- Percent of Small Cap companies that are unprofitable based on Earnings per Share.....44%
- Global electric vehicle sales in April of 2024.....1.1m

CHARLES SCHWAB HAS A NEW MAILING

ADDRESS

Regular Mail:
Charles Schwab
P.O. Box 2380
Omaha, NE 68103

FedEx/UPS:
Charles Schwab
200 S 108th Ave.
Omaha, NE 68154

HOW TO NICKNAME & GROUP YOUR ACCOUNTS ONLINE

- Log onto www.schwaballiance.com
- Click the “Profile” tab at the top right of the home page
- From the drop-down menu, click “Account Groups”
- Enter Nicknames for each account in the Nickname column (ex: Nicknames= Jane’s IRA, Jane’s Inherited IRA, John’s account, Kids college account, etc.)
- To create Groups, click “Create/Edit Custom Groups” link near the last column (ex: Group names= Retirement Accounts, Brokerage Accounts, Inherited Accounts, etc.)
- Then select a group for each account in the Group column

“HOW TO” VIDEOS LINKS FROM SCHWAB

Video Instructions on how to use the Mobile Check Deposit:

<https://www.schwab.com/content/how-to-mobile-deposit>

Video Instructions on how to eAuthorize transactions:

<https://advisorservices.schwab.com/content/eauthorization-with-schwab-alliance-simple-fast-secure>

Video Instructions on how to transfer money into your Schwab account from an external bank account:

<https://www.schwab.com/content/how-to-link-accounts-and-transfer-money>

STOCK MARKET HOLIDAYS

July 4th – Independence Day

September 4th – Labor Day

*From Memorial Day to Labor Day our office closes at 4pm on Fridays

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