



June's Chicago Fed National Activity Index

(CNFAI): Near the end of each month, the Chicago Fed releases a summary of data detailing current economic conditions and developments. The CNFAI provides insight into current economic growth relative to the economy's historical average growth trend. Economic factors displayed in this index vary from production and income to personal consumption and housing. For the purpose of this graph, the historically average economic growth (measured in standard deviations) is equal to 0, so any point above 0 represents above-average economic growth, and any point below 0, represents below-average economic growth.

Total U.S. economic growth fell slightly from -0.28 in May to -0.32 in June. Compared to last June's CNFAI of -0.24, total economic growth has slowed modestly.

MONDAY

Stock Market: Upon investor anticipation of strong earnings from major companies such as Google and Microsoft, markets rose and the DOW continued its winning streak, now at 11 days. Investor optimism remains steady as consensus builds against the possibility of financial/economic pain in the near future.

With AI innovation booming and continuous high demand for workers, leading to a tight labor market and low unemployment, investors and analysts appear to be confident about the economy's strength.

Market growth today was led by the DOW at 0.52%, with the S&P 500 behind at 0.4% and NASDAQ at 0.19%



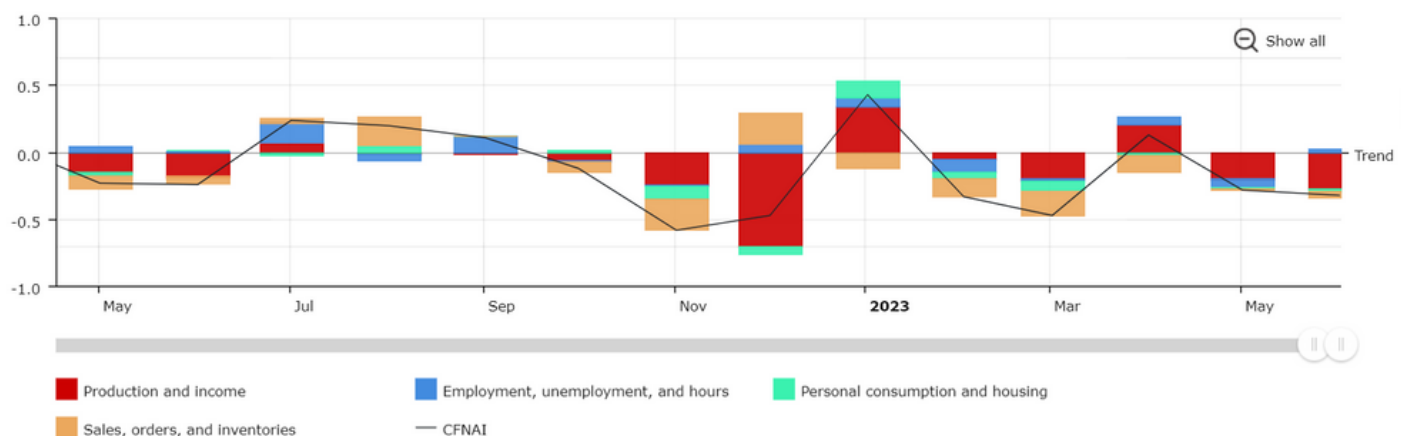
A tight labor market and low unemployment have helped maintain the U.S. economy's resilience during a period of higher interest rates and tighter lending practices. As a result, the employment, unemployment, and hours section of the index has grown faster than the historic average in June to 0.03, an improvement from May's -0.06.

In addition to robust employment data, increased wages and housing prices have prevented personal consumption and housing from falling too low below historical trends. Housing and wages fell slightly this June to -0.02, from -0.01 in May. Although housing and personal consumption have recently been stable, as banks continue to limit borrowing and raise interest rates, it's likely that consumer spending and investment will fall, leading to decreases in personal consumption and housing index values.

Due to mixed data in sales, orders, and inventories, the category fell only slightly. While manufacturers recently experienced lower inventory/sales ratios, indicating growing sales compared to developments in inventory, retailers and wholesalers both experienced higher inventory/sales ratios, which dampened growth in the sales, orders, and inventory category by -0.05, down from -0.01 this May.

June's greatest negative contributor to the CFNAI was production and income. Factors that led to such a decline in this category include lower industrial production in manufacturing, durable goods, business equipment, etc. While production and income also experienced negative growth in May by -0.2, the category has extended its downtrend to -0.27.

Chicago Fed National Activity Index (CFNAI)



TUESDAY

Stock Market: Markets ended the day on a positive note, with investors anticipating strong earnings from Microsoft and Google in market after hours. Big tech stocks took the lead and pushed the NASDAQ to a strong gain of 0.61%. For the 12th straight day, the DOW ended the day in the positive, gaining a modest 0.07%, while the S&P took on a 0.28% gain.

Earnings report data from major companies:

	Quarter 1 Revenue	Quarter 2 Forecast Earnings	Quarter 2 Actual Revenue	% Estimated Quarterly Revenue Growth	Today's Stock Growth
Microsoft	\$52.9 B	\$55.44 B	\$56.2 B	6%	1.7%
Google (Alphabet)	\$69.79	\$72.82 B	\$74.6	7%	0.56%
Visa	\$7.99	\$8.06 B	\$8.12	2%	-0.85
Verizon	\$32.91 B	\$33.35 B	\$32.6 B	-1%	0.77%
General Electric	\$13.7 B	\$14.76 B	\$15.9 B	16%	6.27%
General Motors	\$40.0 B	\$41.92 B	\$44.75 B	12%	-3.51%

July U.S. Consumer Confidence Survey: July's US Consumer Confidence Survey provides valuable data that present U.S. consumer perspectives on current and future economic conditions.

	Consumer Confidence Index	Present Situation Index	Expectations Index
June 2023	110.1	155.3	80
July 2023	117.0	160.0	88.3

Clearly, consumers are becoming more confident about the economy's current and present condition. Slowing inflation, low unemployment, and a rising stock market have built optimism among American consumers.

Present Situation

Despite high optimism, higher interest rates and tighter lending from financial institutions lowered consumer optimism toward business conditions, causing fewer consumers to believe that business conditions are currently "good."

On the other hand, however, robust labor market demand has increased consumer optimism in the labor market. Only 9.7% of consumers considered jobs to be "hard to get," down from 12.6% in June.

Expectations

As a result of the optimism shared among American consumers, expectations of near future (six months) labor market and business conditions have improved since June. As of July, more consumers believe that business conditions will improve and more jobs will be available in the coming future.

While fewer consumers in July anticipate that their income will increase in the next six months, there are also fewer consumers who expect their income to decrease. Compared to June's 11.8% of consumers who expected their income to fall, only 9.7% of consumers this month expected their income to be less than what it is currently.

Overview

Although this report highlights the increased optimism among U.S. consumers, there is data that contradicts current sentiment. While consumers are feeling more confident about financial and economic conditions in the coming six months, 70.6% of consumers this July believe that a recession in the next year is either "somewhat" or "very likely," up from 69.9% in May. Additionally, the economists who collected and presented the data within this U.S. Consumer Confidence Survey expect a recession by the end of the year.

WEDNESDAY

Stock Market: Markets were mixed slightly Wednesday, following varied earnings data and higher interest rates announced at the FOMC meeting. For the 13th session straight, the DOW posted gains. With the NASDAQ down 0.12% and the S&P down 0.02%, the DOW outperformed the other indices, posting a gain of 0.24%.

Earnings report data from major companies:

	Quarter 1 Revenue	Quarter 2 Forecast Earnings	Quarter 2 Actual Revenue	% Estimated Quarterly Revenue Growth	Today's Stock Growth
Meta Platforms (Facebook)	\$28.65	\$31.08 B	\$32 B	12%	1.39%
AT&T	\$30.1 B	\$30.01 B	\$29.9 B	0%	0.61%
Boeing	\$17.92 B	\$18.49 B	\$19.75 B	10%	8.72%
Coca-Cola	\$11 B	\$11.73 B	\$12 B	9%	1.29%
Thermo Fisher Scientific	\$10.71	\$10.99 B	\$10.69 B	0%	0.61%
Automatic Data Processing	\$4.9 B	\$4.39 B	\$4.5 B	-8%	5.39%

FOMC Meeting: In order to push inflation and unemployment to more sustainable levels, the Federal Reserve decided to increase interest rates by 25 basis points, 0.25%. The target federal funds target rate, which now stands at 5.25%-5.50%, is the highest it's been in 22 years.

On top of higher interest rates, the Federal Reserve plans to continue removing more money from the economy by selling off assets from its balance sheet. By selling off its assets, the FED hopes to decelerate and stabilize American financial and economic activity.

According to the latest new residential sales report from the U.S. Census Bureau and the U.S. Department of Housing and Urban Development, a seasonally adjusted estimate of 697,000 new single-family homes were sold in June. This figure marks a slight decrease from the 715,000 homes sold in May. Notably, June's dip in new home sales represents the first decline in sales since February. Despite the monthly decline, the number of homes sold in June remains above the year's average, which stands at 667,000 homes.



THURSDAY

Stock Market: Although markets started the day off strong as a result of optimistic earnings reports, they took a turn later in the day after the Bank of Japan indicated a possibility of higher interest rates tied to the Yen (Japan's national currency). After statements were released from the Bank of Japan, the Yen's value shot up. In response, markets fell and the DOW broke its winning streak, losing 0.68% of value. Behind the DOW, the S&P lost 0.64% and the NASDAQ lost 0.55%.

Earnings report data from major companies:

	Quarter 1 Revenue	Quarter 2 Forecast Earnings	Quarter 2 Actual Revenue	% Estimated Quarterly Revenue Growth	Today's Stock Growth
Mastercard	\$5.7 B	\$6.18 B	\$6.3 B	11%	-1.97%
McDonald's	\$5.9 B	\$6.29 B	\$6.5 B	10%	1.18%
Comcast	\$29.7 B	\$30.09 B	\$30.51 B	3%	5.69%
T-Mobile	\$19.63	\$19.42 B	\$19.2 B	-2%	-0.86%
Intel	\$11.7 B	\$12.09 B	\$12.9 B	10%	0.55%
Ford	\$41.5 B	\$43.03 B	\$45 B	8%	0.44%
Bristol-Myers	\$11.3 B	\$11.81 B	\$11.2 B	-1%	-4.23%

June's Monthly Advance Report on Durable Goods: New orders for durable goods (long-lasting products) were up 4.7% in June, marking 4 consecutive months of increased orders for durable goods. June's considerable rise in durable goods orders is likely a result of more optimistic business expectations for consumer demand.

Pending Home Sales in June: Pending home sales, a forward-looking indicator of home sales, increased by 0.3%. Despite the current high-interest rate environment and high cost of homes, the demand for homes remains high, which is likely due to a housing supply shortage.

Second Quarter Economic Growth: Real GDP, a measure of economic growth adjusted for inflation, rose by 2.4% in Q2 2023 from 2.0% in Q1, demonstrating that the American economy has expanded in the last few months. Despite lower inflation and fewer exports, both indicators of economic slowdown, higher consumer spending, government spending, private inventory investment, and nonresidential fixed investment helped boost the economy in the second quarter.

While Real GDP rose, face value or current-dollar GDP, fell from 6.1% in Q1 to 4.7% in Q2, reflecting lower inflation. Current-dollar GDP in the second quarter is reported to be \$26.84 trillion.

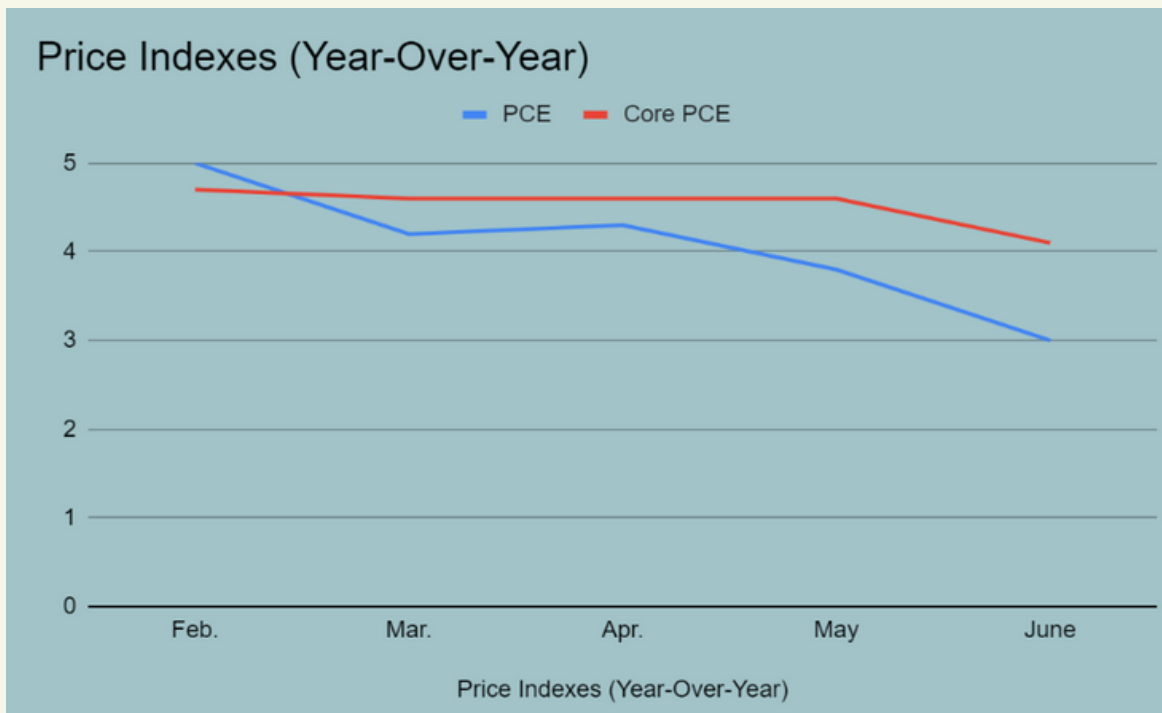
FRIDAY

Stock Market: Markets on Friday soared upon the release of important economic data pertaining to inflation. PCE inflation, which measures the fluctuation in prices for households, declined substantially. Consequently, investors reacted with extreme optimism, pushing the markets up: DOW (0.65%), S&P (0.99%), and NASDAQ (1.90%).

Earnings report data from major companies:

	Quarter 1 Revenue	Quarter 2 Forecast Earnings	Quarter 2 Actual Revenue	% Estimated Quarterly Revenue Growth	Today's Stock Growth
Exxon Mobile	\$86.56	\$82.8 B	\$82.91 B	-4%	-1.20%
Chevron	\$50.79	\$47.62 B	\$48.9 B	-4%	-0.48%
AstraZeneca	\$10.88 B	\$11.02 B	\$11.42 B	5%	4.68%
Procter&Gamble	\$20.1 B	\$19.97 B	\$20.6 B	2%	2.82%

PCE Report for June: The PCE Index, which measures the change in household expense prices over the past year, fell by 0.8% in June to 3%. For the average consumer, this is great news because it represents an overall decrease in inflation from a household perspective. Core PCE (excluding food and energy), the Federal Reserve's prioritized data point for deciding monetary policy due to its accurate depiction of inflation, fell 0.5% down to 4.1%. This decrease is considered a big deal because, in the three months previous, Core PCE was virtually unchanged, remaining at 4.6% from March-May.



Inflation may be falling, but it is still high compared to the Federal Reserve's target rate of 2%. Therefore, it is likely that the Federal Reserve will leave interest rates alone for the next few months to see where inflation heads. If, in between those next few months, data comes out revealing extreme changes to inflation, unemployment, or some other important economic metric, it is also possible that interest rates could be brought up or down. As of Friday, the most likely scenarios at the next FOMC meeting include leaving interest rates alone (80% likely) or increasing them by another 25 basis points (20% likely).

MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	+0.40%	+0.52%	+0.19%
Percent Change (Tuesday)	+0.28%	+0.07%	+0.61%
Percent Change (Wednesday)	-0.02%	+0.24%	-0.12%
Percent Change (Thursday)	-0.64%	-0.68%	-0.55%
Percent Change (Friday)	+0.99%	+0.50%	1.90%
Weekly Change	+1.01%	+0.65%	+2.02%

COMMODITY PERFORMANCE

	Crude Oil	Gold	Silver	Copper
Monday Price	\$78.74	\$1,962.20	\$24.581	\$3.8555
Tuesday Price	\$79.63	\$1,963.70	\$24.824	\$3.9155
Wednesday Price	\$78.78	\$1,970.10	\$24.970	\$3.9020
Thursday Price	\$80.09	\$1,945.70	\$24.367	\$3.8755
Friday Price	\$80.58	\$1,970.10	\$24.620	\$3.9355
Weekly Percent Change	+4.55%	+0.18%	-0.95%	+3.08%

U.S. TREASURY SECURITY YIELDS (IN PERCENT)

	1 Mo	2 Mo	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
Monday	5.44	5.54	5.51	5.55	5.55	5.38	4.81	4.48	4.13	4.00	3.86	4.11	3.92
Tuesday	5.46	5.54	5.51	5.55	5.57	5.38	4.85	4.53	4.15	4.05	3.91	4.14	3.95
Wednesday	5.46	5.53	5.51	5.57	5.55	5.37	4.82	4.47	4.09	3.99	3.86	4.12	3.94
Thursday	5.47	5.55	5.51	5.58	5.56	5.40	4.91	4.58	4.24	4.13	4.01	4.26	4.06
Friday	5.47	5.54	5.52	5.57	5.54	5.37	4.87	4.52	4.18	4.08	3.96	4.22	4.03

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

June's Chicago Fed National Activity Index (CNFAI)

<https://www.macrotrends.net/2603/vix-volatility-index-historical-chart>

July U.S. Consumer Confidence Survey

<https://www.conference-board.org/topics/consumer-confidence>

June New Residential Sales

<https://www.census.gov/construction/nrs/current/index.html>

FOMC Meeting

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20230726a.htm>

Second Quarter GDP

<https://www.bea.gov/news/2023/gross-domestic-product-second-quarter-2023-advance-estimate>

June's Monthly Advance Report on Durable Goods

<https://www.census.gov/manufacturing/m3/prel/pdf/s-i-o.pdf>

Pending Home Sales in June

<https://www.nar.realtor/newsroom/pending-home-sales-rose-0-3-in-june-first-increase-in-four-months>

PCE Report

<https://www.bea.gov/news/2023/personal-income-and-outlays-june-2023>



WEEKLY MARKET UPDATE

DISCLAIMER

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