



MONDAY

Stock Market: On Monday, markets posted modest gains as investors anticipated strong earnings later in the week from major companies such as Apple and Amazon. Additionally, investors prepared to digest upcoming essential economic data on employment, wages, manufacturing, etc. Overall, markets this Monday were off to a slow and steady start.

Stock Performance Today...

S&P 500: 0.28%
Dow Jones: 0.15%
NASDAQ: 0.21%

Texas Manufacturing Outlook Survey:

As of Q1 2023, Texas produced around 9% of America's GDP, meaning that manufacturing activity in Texas can indicate business and economic conditions in the broader U.S. economy.

Data within the Texas Manufacturing Outlook Survey is measured in the form of a monthly index for each indicator (e.g. Production Index, Shipments Index, Delivery Time Index). The value of each index is determined by subtracting the percentage of firms that report an increase in one indicator from the percentage of firms that report a decrease. If, for instance, a higher percentage of firms reported an increase in production, the "Production Index" would rise.

In July, the Production Index fell slightly from -4.2 in June to -4.8, indicating lower production output and slower factory activity. Additionally, the New Orders Index, which is a forward-looking indicator of production, declined to -18.1 in July from -16.6 in June. Both the Production and New Orders Indexes are below their historical averages, indicating that Texas may be experiencing slower business growth. Based on declines in both indexes, it's likely that businesses are anticipating lower consumer demand.

WEEKLY MARKET UPDATE

Indicator	% of Companies Reporting Improved	% of Companies Reporting No Change	% of Companies Reporting Worsened
Company Outlook	8.3	66.5	25.2
General Business Activity	10.9	59.6	30.2

Texas Manufacturing Outlook Survey: Despite lower production and new orders, the demand for employees continues to rise, which contradicts slowing business activity. July's Employment Index rose to 10.0, above June's Index of 2.2 and the historical average of 7.8. While the demand for workers remains high, however, worker hours increased at a faster while wages and benefits increased at slower rates. The Hours Worked Index rose from -4.3 in June to 3.9 in July, and over the same period, the Wages and Benefits Index fell from 25.3 in June to 19.1 in July.

Compared to June, more manufacturing companies reported that their company's outlook and general business activity worsened, indicating concern for near-future business conditions.

Oil Price Dynamics Report: This weekly report displays the supply, demand, and unexplained (residual) factors impacting the price of Brent Crude Oil. As of July 28th, the price of Brent Crude Oil rose to its highest level since May.

Although lower oil prices have recently helped bring inflation down, oil demand has increased and the supply of oil has fallen. The combination between higher demand and lower supply has directly led to elevated oil prices.

Due to these factors pushing the price of oil up, it is important to prepare your finances appropriately and potentially allocate more money in your budget toward oil-dependent energy expenses: gas/fuel, heating, cooling, etc.

Cumulative Weekly Oil Price Decomposition

TUESDAY

Stock Market: Markets this Tuesday weighed Q2 company performance as more earnings reports were released. Varied earnings results were reflected by today's mixed markets.

As a result of losses in the tech sector, the NASDAQ fell 0.43% and the S&P fell 0.27%. Due to the Dow's recent resilience and strong earnings from Caterpillar, the world's largest construction equipment manufacturer, the Dow posted gains, up 0.20%.

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
Merck&Co	\$14.49 B	\$14.43 B	\$15 B	4%	-1.28%
Pfizer	\$18.3 B	\$12.08 B	\$12.7 B	-31%	-1.25%
AMD	\$5.4 B	\$5.32 B	\$5.4 B	0%	2.8%
Starbucks	\$8.7 B	\$9.29 B	\$9.2 B	6%	-0.31%
Uber Tech	\$8.8 B	\$9.34 B	\$9.2 B	5%	-5.68%
Marriott Int	\$5.62 B	\$5.94 B	\$6.08 B	8%	1.45%
Pinterest	\$0.60 B	\$0.7 B	\$0.71 B	18%	-0.10%
Leidos	\$3.7 B	\$3.72 B	\$3.8 B	3%	6.90%
Caterpillar	\$15.9 B	\$16.41 B	\$17.3 B	9%	8.85%

Texas Retail Outlook Survey: More data from the Federal Reserve Bank of Dallas reveals July's business conditions in the retail sector. Similar to Monday's manufacturing survey, data is measured in the form of an index for each indicator. For context, positive indexes represent more companies reporting an increase in a particular indicator, while a negative index represents more companies reporting a decrease in a particular indicator.

In July, more companies reported a decrease in sales from the previous month, leading to a Sales Index of -2.4. While sales in July fell, they fell at a slower rate compared to June, when the Sales Index was down to -7.2. As a result of fewer sales, the amount of inventories (unsold products) ticked up in July to 12.0, from 5.3 in June. Both decreased sales and increased inventory suggest that retail activity in Texas is decelerating. Additionally, the combination between fewer retail sales and higher inventories is likely a factor in slower manufacturing activity this July.

While sales/inventories data indicate slower retail activity, employment and wages/benefits continue to increase, but at slower rates. Although retail companies are currently struggling with falling demand, employees continue to reap the benefits of a strong labor market.

Due to higher wages/benefits and demand for labor, now may be a good time to ask your employer for a bonus/raise or consider relocating to a job that offers better pay and benefits.

Indexes for Company Outlook and General Business Activity declined significantly in July, marking more pessimism across the Texas retail sector. In July, the Company Outlook Index fell to -10.4 from -0.7 in June, and the General Business Activity Index fell to -18.1 from 0.4 in June.

WEDNESDAY

Stock Market: Markets dropped after Fitch, an internationally-known provider of credit ratings, downgraded the United States' credit rating from AAA, "highest credit quality," to AA+, "very high credit quality." This downgrade in credit is similar to losing points on your credit score, meaning lenders will likely expect the U.S. Government to pay higher interest rates on loans to account for its additional risk of default. While the United States is still considered a trustworthy borrower, however, the downgrade will likely have some consequences on the American economy.

Although the United States was once considered a risk-free borrower, awarding the nation its AAA rating, a growing debt ceiling and recent close calls with defaulting have resulted in the United States being considered a more risky borrower. As a result of these risks, several events could possibly unfold: higher bond yields, depreciation of the dollar, higher taxes/lower government spending, and of course, stock market devaluation. While not all of these events are sure to happen, there is a higher likelihood of them occurring due to the United States' lower credit rating. Therefore, to limit the ramifications that these events could have on your finances, it can help to prepare your investment strategy, budget, financial plan, etc. for the possibility of these events occurring.

Stock Performance Today...

S&P 500: -1.38%

Dow Jones: -0.98%

NASDAQ: -2.17%



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
Qualcomm	\$9.28 B	\$8.51 B	\$8.44 B	-2%	-9%
CVS Health Corp	\$85.28 B	\$86.41 B	\$88.92 B	3%	4%
Shopify Inc	\$1.5 B	\$1.63 B	\$1.69 B	-7%	13%
PayPal Holdings Inc	\$7.04 B	\$7.27 B	\$7.29 B	-3%	4%
Kraft Heinz	\$6.5 B	\$6.82 B	\$6.72 B	1%	3%
DoorDash	\$2.0 B	\$ 2.06 B	\$2.13 B	-1%	7%
Etsy Inc	\$0.64 B	\$0.62 B	\$0.63 B	-3%	-1%
Zillow Group Inc	\$0.47 B	\$0.47 B	\$0.51 B	-2%	9%
Unity Software	\$0.50 B	\$0.52 B	\$0.53 B	-9%	6%
Robinhood Markets	\$0.44 B	\$0.47 B	\$0.49 B	-3%	11%
Fidelity National Info	\$3.5 B	\$3.71 B	\$3.75 B	-3%	7%

More from Fitch Ratings: According to Fitch, the United States' credit rating has been downgraded for several reasons:

Lower Confidence in Fiscal Management

Because American lawmakers have consistently come close to leading the U.S. into default, there is uncertainty surrounding the timeliness of future debt ceiling agreements. Additionally, due to more tax cuts and government spending plans, it's likely that the U.S. will have to continue piling on to its nearly \$33 trillion worth of debt.

Elevated Government Deficits

U.S. government spending is expected to substantially outpace its revenue in 2023, which indicates higher credit risk. Since the U.S. is expected to spend more than it will earn this year by a relatively large margin, it will have to borrow more money to fund its deficit, suggesting that the U.S. may be at a higher risk of credit default.

Fiscal Challenges

As the U.S. continues to borrow more during this currently high-interest rate environment, it will be expected to pay more in interest. Additionally, in order to support America's growing elderly population, rising healthcare costs, Medicare, and Social Security, government spending will likely have to increase, resulting in higher national debt, higher taxes, or a combination of the two. There is also concern that Social Security will run out by 2033, further complicating America's fiscal challenges.

Economic Worries

The Federal Reserve's recent utilization of contractionary monetary policy, leading to higher interest rates, has led the U.S. economy to face, "tighter credit conditions, weakening business investment, and a slowdown in consumption." As a result of economic slowdown, Fitch expects the American economy to enter into a "mild recession" between late 2023 and early 2024.

THURSDAY

Stock Market: Bond yields rose as rattled investors weighed the United States' credit rating downgrade and sold off their bonds, causing a sell-off in the stock market. Stocks, however, did not experience too much pain on Thursday as investors were focused on earnings from Apple and Amazon, which were not released until market after hours.

Stock Performance Today...

S&P 500: -0.25% Dow Jones: -0.19% NASDAQ: -0.10%

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
Apple	\$94.84 B	\$81.73 B	\$81.8 B	-13%	-0.73%
Amazon.com	\$127.4 B	\$131.45 B	\$134.4 B	5%	0.55%
Airbnb	\$1.8 B	\$2.42 B	\$2.5 B	39%	-2.55%
Block	\$4.99 B	\$5.1 B	\$5.53 B	11%	-1.26%
Warner Bros Discovery	\$10.7 B	\$10.45 B	\$10.36 B	-3%	2.71%
Cloudflare	\$0.29 B	\$0.31 B	\$0.31 B	0%	1.45%
Coinbase Global	\$0.77 B	\$0.63 B	\$0.71 B	-8%	0.35%

Initial Jobless Claims (Week ending July 29th)

Seasonally adjusted initial jobless claims, which are claims filed by unemployed individuals, increased in the most recently recorded week to 227,000, up 2.64% compared to the previous week. Despite this week's increase, the average number of initial claims over the last 4 weeks is the lowest it's been since mid-March.

Additionally, the Initial Jobless Claims' 4-week moving average fell consecutively over the last six weeks, indicating a short-term downward trend in initial jobless claims. That said, today's initial jobless claims data illustrates that the American labor market remains resilient.

FRIDAY

Stock Market: After Amazon posted strong revenue growth in its earnings report during Thursday's afterhours, its stock soared by over 8%. Apple's quarterly decline in revenue, however, caused disappointed investors to sell Apple shares, leading the company's stock to fall by nearly 5%.

Markets fell on Friday upon news of a lower unemployment rate and higher wages, signaling that the Federal Reserve may be more likely to raise interest rates in the near future.

Stock Performance Today

S&P 500: -0.53%

Dow Jones: -0.43%

NASDAQ: -0.36%



U.S. Bureau of Labor Statistics Employment Data

(July): The unemployment rate, which measures the percent of unemployed people in search of a job relative to the size of the entire working population, fell slightly from 3.6% in June to 3.5% in July. This decrease in unemployment represents the current strength of the U.S. labor market. In July, more Americans were employed while fewer were unemployed, indicating that the demand for workers remains high.

Although the unemployment rate has decreased, it does not accurately reflect the situation of discouraged workers—those individuals who wish to work but have given up searching for jobs due to unsuccessful attempts. In June, the number of unemployed workers rose from 310,000 to 335,000, suggesting that the actual rate of unemployment is probably higher than the reported figure. If discouraged workers were considered as part of the unemployed, July's unemployment rate would be 3.7%, slightly exceeding the current rate. It's also worth noting that even if discouraged workers were included in June's calculation, July's unemployment rate would still show an improvement from the previous month's of 3.8%.

Moreover, unemployment rates vary significantly across industries. While the overall American labor market has benefited from increased demand for labor, some industries continue to struggle while others thrive.

Private Industry Wages (July): In July, there was a notable increase in average hourly and weekly earnings for private workers. Between June and July, both hourly and weekly earnings rose by approximately 0.45%, surpassing the previous month's growth of 0.38%. As a result of the U.S. economy's continuous display of resilience in job and wage growth, the Federal Reserve may have reason to implement further contractionary monetary policy to slow the economy down.

Industry	Unemployment Rate
Mining, quarrying, and oil and gas extraction	2.7%
Construction	3.9%
Manufacturing	2.7%
Durable goods	2.6%
Nondurable goods	2.9%
Wholesale and retail trade	3.8%
Transportation and utilities	4.5%
Information	2.4%
Financial activities	1.9%
Professional and business services	3.5%
Education and health services	2.8%
Leisure and hospitality	5.8%
Agriculture and related workers	3.8%
Government workers	3.1%
Self-employed workers, unincorporated, and unpaid family workers	2.9%

MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	+0.28%	+0.15%	+0.21%
Percent Change (Tuesday)	-0.27%	+0.20%	-0.43%
Percent Change (Wednesday)	-1.38%	-0.98%	-2.17%
Percent Change (Thursday)	-0.25%	-0.19%	-0.10%
Percent Change (Friday)	-0.53%	-0.43%	-0.36%
Weekly Change	-2.27%	-1.11%	-2.85%

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	5.48	5.54	5.55	5.56	5.53	5.37	4.88	4.51	4.18	4.08	3.97	4.22	4.02
Tuesday	5.49	5.54	5.54	5.57	5.54	5.38	4.92	4.57	4.24	4.15	4.05	4.30	4.11
Wednesday	5.48	5.53	5.53	5.54	5.52	5.36	4.88	4.54	4.24	4.17	4.08	4.35	4.17
Thursday	5.54	5.52	5.54	5.53	5.52	5.37	4.90	4.58	4.30	4.26	4.20	4.49	4.32
Friday	5.54	5.51	5.54	5.52	5.50	5.33	4.78	4.45	4.15	4.10	4.05	4.36	4.21

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

Texas Manufacturing Outlook Survey

<https://www.dallasfed.org/research/surveys/tmos/2023/2307#tab-report>

Oil Price Dynamics Report

[https://www.newyorkfed.org/research/policy/oil_price_dynamics_report#/inter
active](https://www.newyorkfed.org/research/policy/oil_price_dynamics_report#/interactive)

Texas Retail Outlook Survey

<https://www.dallasfed.org/research/surveys/tssos/2023/2307#tab-report>

U.S. National Debt

<https://fiscaldata.treasury.gov/americas-finance-guide/national-debt/>

Fitch Ratings (U.S.)

[https://www.fitchratings.com/research/sovereigns/fitch-downgrades-united-
states-long-term-ratings-to-aa-from-aaa-outlook-stable-01-08-2023](https://www.fitchratings.com/research/sovereigns/fitch-downgrades-united-states-long-term-ratings-to-aa-from-aaa-outlook-stable-01-08-2023)

Initial Jobless Claims

<https://www.dol.gov/ui/data.pdf>

U.S. Bureau of Labor Statistics Employment Data

<https://www.bls.gov/news.release/empsit.nr0.htm>



WEEKLY MARKET UPDATE

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