

## THINGS TO WATCH

**-APPLE AND AI:** Later today at its Worldwide Developers Conference, Apple (AAPL) is expected to unveil details for Apple Intelligence, the company's new artificial intelligence (AI) system that will reportedly be integrated into new versions of the iPhone, iPad, and Mac operating systems. AAPL is also expected to announce an agreement with OpenAI to utilize ChatGPT features in the iPhone's next operating system (iOS 18). The consumer technology juggernaut's AI plans for voice assistant Siri along with security precautions related to its use of cloud-based servers for processing user data will likely be in focus.

**-MAY CPI:** On Wednesday morning, we'll see if lower energy prices last month caused a downshift in the headline consumer price index (CPI) to 0.1% from 0.3% in April as anticipated by the median projection in a Bloomberg survey. Core CPI (excluding food and energy), which is generally viewed as a more relevant variable for Fed policy, is expected to remain unchanged at 0.3% in May and tick down slightly to 3.5% on an annual basis from 3.6% in April.

**-FED DOT PLOT:** On Wednesday afternoon, Fed policymakers will likely keep their benchmark rate unchanged at 5.25%-5.50% for an eighth straight meeting and avoid pre-committing to a rate cut at their July 30-31 gathering. The main event will be the June Summary of Economic Projections (SEP), a quarterly forecast from all 17 Federal Open Market Committee participants on key economic variables widely known as the "dot plot." Plenty of attention will be on the median "dot" in the June SEP forecasts for year-end core inflation (2.6% in the March SEP) and the unemployment rate (4.0% in the March SEP).

**-SOFTWARE EARNINGS:** Engineering and design software maker Autodesk (ADSK) reports results this afternoon, followed by enterprise software and cloud player Oracle (ORCL) tomorrow and creative design software giant Adobe (ADBE) Thursday.

| LAST WEEK'S ECONOMIC DATA     | LATEST | 3MO PRIOR | CHANGE |
|-------------------------------|--------|-----------|--------|
| ISM Manufacturing PMI         | 48.7   | 47.8      | ▲      |
| ISM Services PMI              | 53.8   | 52.6      | ▲      |
| JOLTS Job Openings (Millions) | 8.06   | 8.75      | ▼      |
| Non-Farm Payrolls (Thousands) | 272    | 236       | ▲      |
| Unemployment Rate             | 4.0%   | 3.9%      | ▲      |
| Average Hourly Earnings (Y/Y) | 4.1%   | 4.3%      | ▼      |

| INDEX                 | LEVEL    | WEEK  | YTD    | 12 MO  |
|-----------------------|----------|-------|--------|--------|
| DJ Industrial Average | 38798.99 | 0.33% | 3.86%  | 17.62% |
| NASDAQ                | 17133.13 | 2.40% | 14.51% | 31.81% |
| S&P 500               | 5346.99  | 1.36% | 12.81% | 27.20% |
| MSCI EAFE             | 2368.02  | 0.11% | 7.86%  | 16.09% |
| BB U.S. Aggregate     | 2153.40  | 0.42% | -1.17% | 2.39%  |

| KEY BOND RATES   | WEEK  | 1MO AGO | 1YR AGO |
|------------------|-------|---------|---------|
| 3-Month T-Bill   | 5.39% | 5.39%   | 5.27%   |
| 10-Year Treasury | 4.43% | 4.46%   | 3.80%   |

| REPORTS DUE THIS WEEK           | LATEST |
|---------------------------------|--------|
| NFIB Small Business Optimism    | 89.7   |
| Consumer Price Index (Y/Y)      | 3.4%   |
| Core Consumer Price Index (Y/Y) | 3.6%   |
| Producer Price Index (Y/Y)      | 2.2%   |
| U. of Mich. Consumer Sentiment  | 69.1   |

Total returns are as of 6/7/24. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

## NUMBERS OF THE WEEK

\$277

The consensus estimate for S&P 500 operating earnings per share (EPS) in 2025 based on bottom-up analyst projections aggregated by Bloomberg. This is up 2% from \$272 in mid-February and represents anticipated index-level profit growth of 13% in 2025 following expectations of 10% EPS growth in 2024. Based on its closing level of 5,346.99 last Friday, the S&P 500 trades at 21.8-times expected 2024 EPS (\$245) and 19.3-times expected 2025 EPS (\$277).

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The number of times trading in GameStop (GME) shares was halted on the New York Stock Exchange Friday between noon and 1:10 p.m. eastern while original meme stock influencer Keith Gill (a.k.a. Roaring Kitty) hosted a YouTube livestream. Gill's surprise return to social media platform X on May 12 drove a 167% surge in GME shares through last Thursday. On Friday, GME plunged 40% after reporting weak quarterly results and announcing plans to sell an additional 75 million shares.

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