

7/29/2024

# The Week Ahead



## THINGS TO WATCH

### Mega Cap Technology Earnings

Four members of the Magnificent 7 headline this week's quarterly earnings schedule. Tomorrow, Microsoft's (MSFT) results will focus on its Azure cloud computing segment's sales growth. When Meta Platforms (META) reports Wednesday afternoon, much of the attention will likely be on ad spending trends related to the Olympics and U.S. election cycle and guidance on the timing of revenue from licensing its Llama large language foundation model. On Thursday, Amazon's (AMZN) AWS cloud segment growth and capital expenditures plans are expected to be in the limelight, while Apple's (AAPL) services segment and China iPhone sales will be under the microscope.

### Discretionary Spending Trends

Quarterly results this week from McDonald's (MCD), Starbucks (SBUX), and Wendy's (WEN) should shed light on the success of recent promotional efforts to lure back increasingly cost-conscious customers. Reports and commentary from Marriott International (MAR), Booking Holdings (BKNG), Airbnb (ABNB), Norwegian Cruise Line Holdings (NCHL), and MGM Resorts (MGM) should provide insights into summer travel and leisure demand.

### Fed Decision

The collective market consensus is for Federal Reserve policymakers to keep their benchmark rate unchanged in a 5.25%-5.50% for an eighth consecutive meeting this week given the mix of recent employment and inflation data. Much of the focus will be on Chair Powell's post-meeting press conference comments related to a potential September rate cut.

### July Jobs Data

Friday's July nonfarm payrolls report is expected to show net job gains of 190,000, a slight slowdown from 206,000 additions in June. Inclement weather and seasonal auto sector retooling may have temporarily suppressed July hiring. Market volatility could pick up if the unemployment rate comes in above the 4.1% consensus forecast.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
Existing Home Sales (Millions Annualized)	3.89	4.22	▼
New Home Sales (Thousands Annualized)	617	683	▼
GDP (Q/Q Annualized)	2.8%	1.4%	▲
Core PCE Price Index (Y/Y)	2.6%	2.8%	▼
U. of Mich. Consumer Sentiment	66.4	77.2	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	40589.34	0.77%	8.84%	16.62%
NASDAQ	17357.88	-2.08%	16.09%	23.87%
S&P 500	5459.10	-0.82%	15.35%	21.33%
MSCI EAFE	2360.08	-0.15%	7.25%	10.47%
BB U.S. Aggregate	2170.51	0.28%	0.88%	3.88%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	5.29%	5.37%	5.40%
10-Year Treasury	4.19%	4.33%	3.87%

REPORTS DUE THIS WEEK	LATEST
ISM Manufacturing PMI	48.5
JOLTS Job Openings (Millions)	8.14
Non-Farm Payrolls (Thousands)	206
Unemployment Rate	4.1%
Average Hourly Earnings (Y/Y)	3.9%

Total returns are as of 7/26/24. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

## NUMBERS OF THE WEEK

11.3%

The S&P 500's expected year-over-year operating earnings per share growth for the second quarter based on bottom-up analysts' estimates aggregated by Bloomberg Intelligence as of last Friday. This is up from 8.8% in the first week of July before 2Q24 earnings season began in earnest. Through the end of last week, 206 S&P 500 companies (about 41% of the index) had posted results in the reporting period spanning May 16 through August 15.

42.7%

Last week's decline in shares of Dexcom (DXCM) after the maker of real-time continuous glucose monitoring systems reduced its full-year revenue guidance range by 5%-7%, citing a lower revenue per patient in its most recent quarter and disruptions related to a revamped sales force. Shares of fellow medical device maker Edward Life Sciences (EW) plunged 28% last week in response to lowered revenue growth guidance in its key transaortic valve replacement segment.

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