

8/12/2024

The Week Ahead



THINGS TO WATCH

Can data cool growth fears?

Producer price index (PPI) and consumer price index (CPI) data for July will be released tomorrow morning and Wednesday morning, respectively. July retail sales data comes out Thursday morning. If PPI (2.2% Y/Y estimate) and CPI (3.0% Y/Y estimate) come in below expectations, we could see the stock market rally. If retail sales (0.4% M/M estimate) meet or exceed projections, we could see further gains into the end of the week as "soft landing" optimism is reawakened.

Key S&P 500 Levels

The benchmark closed last week (5,344) about 0.6% above its 100-day moving average of 5,312. We could see two-way action in coming days as a sustained move above this level could foretell further short-term gains. A failure to hold 5,312 might raise the odds of an eventual test of the index's 200-day moving average of 5,032, about 5% below its current level.

Home Depot

Tomorrow morning, Home Depot's (HD) same-store-sales are expected to have declined 2% in its quarter ended July 31 following a 2.8% drop last quarter as suppressed housing market activity likely weighed on sales of big-ticket items. The \$345 billion market capitalization home improvement retailer would likely stand to benefit from any pickup in existing home sales related to lower mortgage rates on the heels of prospective Fed rate cuts.

Walmart

Pre-market Thursday, quarterly results from Walmart (WMT) could show the hypermarket retailer continued to benefit from value-seeking consumers across its expanding omni-channel platform. Improved inventory management and a focus on controlling costs have boosted WMT's operating margin from a 30-year low of 1.8% in its October 2022 quarter to 4.2% in its April 2024 quarter. From 1999 through 2019, WMT's average quarterly operating margin was 5.3%.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
S&P Global U.S. Services PMI	55.0	51.3	▲
ISM Services PMI	51.4	49.4	▲
Consumer Credit (\$ billion)	8.93	(0.97)	▼
Trade Balance (\$ billions)	(73.11)	(68.58)	▲
Continuing Jobless Claims (Thousands)	1,875	1,781	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	39497.54	-0.56%	5.95%	14.77%
NASDAQ	16745.30	-0.17%	12.01%	23.17%
S&P 500	5344.16	-0.02%	12.96%	21.40%
MSCI EAFE	2270.73	0.49%	4.51%	10.28%
BB U.S. Aggregate	2206.29	-0.78%	2.46%	6.32%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	5.21%	5.35%	5.43%
10-Year Treasury	3.94%	4.30%	4.01%

REPORTS DUE THIS WEEK	LATEST
Consumer Price Index (Y/Y)	3.0%
Core Consumer Price Index (Y/Y)	3.3%
Producer Price Index (Y/Y)	2.6%
Retail Sales (M/M)	0.0%
Initial Jobless Claims (Thousands)	233

Total returns are as of 8/9/24. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

236,000

The median estimate in a Bloomberg survey of forecasters for initial jobless claims the week ended August 10, to be released Thursday morning. With increased investor focus on labor market data following the soft July payrolls report on Friday, August 2, this week's release could take on more importance than usual for determining the stock market's tone heading into the weekend. The data could be noisy due to disruptions related to Tropical Storm Debby in Florida, Georgia, and the Carolinas.

2.5%

The increase in energy drink giant Monster Beverage's (MNST) second quarter net sales compared to a year ago, the slowest rate of annual growth since the second quarter of 2020 and well below consensus expectations of 9%. Management said a decline in convenience store traffic and tighter spending across its blue-collar core customer base weighed on sales momentum in the period. The company plans a 5% price increase across most of its lineup on November 1.

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