Stocks reign and labor gains.

The economy

- U.S. stocks finished in positive territory during the week ending June 7. The market rally was attributable mainly to a strong upturn in the technology sector, as well as a decline in U.S. Treasury yields for maturities of six months and longer. (Bond prices move inversely to yields.) Market participants closely monitored this week's reports from the Department of Labor, hoping for a sign of economic weakness that could prompt the Federal Reserve (Fed) to begin cutting interest rates, ahead of its meeting on Tuesday and Wednesday of next week.
- The Department of Labor reported that U.S. payrolls expanded by a greater-than-expected total of 272,000 jobs in May, up sharply from the 165,000 added in April. The unemployment rate ticked up 0.1 percentage point to 4.0%. Employment in health care, government, and leisure and hospitality increased by 68,000, 43,000, and 42,000 jobs, respectively. Average hourly earnings rose 0.4% in May—the strongest monthly wage growth since January—and were up 4.1% year-over-year. The 12-month increase was modestly higher than the 3.9% annual rise in April.
- The Department of Labor also announced that initial unemployment insurance claims, a barometer of the health of the labor market, rose 8,000 to 229,000 during the week ending June 1. However, the total represented a sharp decline from the 255,000 claims filed during the same week in 2023. The four-week moving average of initial claims dipped 750 week-over-week to 222,000, and was down 12,250 from the four-week average of 234,500 a year earlier.
- According to the Department of Labor's Job Openings and Labor Turnover Survey (JOLTS), another gauge of the status of the U.S. labor market, job openings in the U.S. decreased 296,000 (3.5%) to 8,059,000 in April (the most recent reporting period)—down significantly from the 9,904,000 openings a year earlier. However, the total remained well above the pre-pandemic level of 6,995,000 openings in February 2020. There were notable month-over-month declines in open positions in the health care and social assistance, and state and local government education sectors, and an increase in job openings in private educational services. The job openings rate (calculated by dividing the number of job openings by the sum of the total number of employees and the number of job openings) was 4.8% in April, down 0.2 percentage point from the previous month, and sharply lower than the 6.0% rate recorded in April 2023.
- The Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI) dipped 0.5 point to 48.7 in May—below market expectations. The reading indicated contraction in the U.S. manufacturing sector for the second consecutive month. (A PMI reading under 50 indicates a decrease in manufacturing activity.) Additionally, the ISM's New Orders Index contracted 3.7 points month-over-month to 45.4. The Production Index declined 1.1 points to 50.2 in May, but denoted expansion for the 17th month in a row.
- The Census Bureau announced that new orders for durable goods increased 0.7% to $284.1 billion in April (the most recent reporting period)—in line with market expectations and matching the rise in March. Durable goods orders data provide a gauge of the status of the supply chain and the level of confidence that businesses and consumers have in the U.S. economy. The upturn in April was due largely to a 15.3% surge in orders for defense capital goods (including arms and ordnance, aircraft, missiles, and space vehicles and parts). Conversely, new orders for nondefense aircraft and parts declined 1.6% during the month.

Stocks

- Global equities recorded positive returns during the week. Emerging markets outperformed developed markets.
- U.S. stocks advanced for the week. Information technology and health care were the top-performing sectors, while energy and utilities lagged. Growth stocks led value, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield fell to 4.43% during the week.
- Global bond markets posted gains for the week.
- Corporate bonds led the markets, followed by high-yield bonds and government bonds.

The Numbers as of June 7, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	1.1%	9.2%	19.3%	794.2
MSCI EAFE ($)	0.6%	5.9%	12.4%	2369.0
MSCI Emerging Mkts ($)	2.3%	4.8%	8.0%	1073.1
US & Canadian Equities				
Dow Jones Industrials ($)	0.3%	2.9%	14.7%	38799.0
S&P 500 ($)	1.3%	12.1%	24.5%	5347.0
NASDAQ ($)	2.4%	14.1%	29.4%	17133.1
S&P/ TSX Composite (C$)	-1.2%	5.0%	10.4%	22007.0
UK & European Equities				
FTSE All-Share (£)	-0.4%	6.3%	8.4%	4498.2
MSCI Europe ex UK (€)	1.4%	10.7%	14.6%	1865.3
Asian Equities				
Topix (¥)	-0.6%	16.4%	25.7%	2755.0
Hong Kong Hang Seng ($)	1.6%	7.7%	-4.8%	18367.0
MSCI Asia Pac. Ex-Japan ($)	2.8%	6.4%	8.8%	562.8
Latin American Equities				
MSCI EMF Latin America ($)	-4.5%	-16.1%	-6.7%	2232.9
Mexican Bolsa (peso)	-4.0%	-7.7%	-2.5%	52977.3
Brazilian Bovespa (real)	-1.1%	-10.0%	4.6%	120767.2
Commodities ($)				
West Texas Intermediate Spot	-1.9%	5.4%	5.9%	75.5
Gold Spot Price	-0.9%	11.9%	17.6%	2311.7
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.3%	-3.0%	0.9%	457.2
JPMorgan Emerging Mkt Bond	0.2%	1.3%	9.2%	859.9
10-Year Yield Change (basis points*)				
US Treasury	-7	55	71	4.43%
UK Gilt	-6	73	3	4.26%
German Bund	-4	60	22	2.62%
Japan Govt Bond	-9	36	54	0.98%
Canada Govt Bond	-16	36	6	3.47%
Currency Returns**				
US$ per euro	-0.4%	-2.2%	0.2%	1.080
Yen per US$	-0.4%	11.1%	12.8%	156.75
US$ per £	-0.2%	-0.1%	1.3%	1.272
C$ per US$	1.0%	3.9%	3.0%	1.376

Source: Bloomberg. Equity-index returns are price only, others are total returns.

*100 basis points = 1 percentage point.

**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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