



Advisor Analysis

Monthly Observations from CIO, Chris Zaccarelli

August 1, 2024

Markets in Review

The S&P 500 rose 1.1% in July, which increased its year-to-date gains to 15.8%. The MSCI All Country World index also rose during the month, gaining 1.5%, improving its year-to-date return to 12.0%. The Bloomberg BarCap U.S. Aggregate Bond index recovered the rest of its losses for the year, with an impressive 2.35% monthly return, giving it a year-to-date gain of 1.6%.

The stock and bond prices continued to rise as the Federal Reserve finally signaled that an interest rate cut is imminent and in spite of a worldwide computer outage caused by a cybersecurity firm. In the meantime, the presidential race took some bizarre turns as former President Trump fortunately survived an assassination attempt and current President Biden decided to drop out of the race.

Monthly Highlights

- The Fed chair expresses confidence that they will likely cut at next meeting
- President Biden and former President Trump have a life changing month
- Major cybersecurity firm unwittingly hobbles global economy for a day

News in Review

Below are some stories that caught our eye this past month. To learn more, follow the links to the full article.

[Federal Reserve Chair Signals a September Rate Cut](#)

The Federal Reserve bank decided to keep interest rates unchanged at this month's meeting, but indicated that a 0.25% cut was very likely at their next meeting in September. Chairman Powell was asked a number of times whether the Fed would cut rates soon and although he didn't answer the question directly, he hinted strongly that they were very likely to cut at the next meeting and that a larger cut (0.5% or higher) was unlikely, setting the stage for a 25 bps cut at their next meeting.

[The Presidential Election Has Suddenly Transformed](#)

Former president Trump survived an assassination attempt, and while he was leading in all of the polls prior to the shooting, he increased his lead over President Biden at the Republican National Convention that followed. Officials from the Democratic party and key donors then pressured Biden to suspend his re-election campaign and allow the current Vice President, Kamala Harris, to take his place.

CrowdStrike Security Software Upgrade Inadvertently Causes Worldwide Outage

CrowdStrike, a cybersecurity firm used by more than half of the Fortune 500 group of companies and a fixture in computer security worldwide, introduced a software “fix” on Friday, July 19th which wreaked havoc in companies worldwide. Flights were cancelled, hospitals had to postpone surgeries and virtually every industry was affected in some way from a mistake made in a routine software rollout. Although the problem was discovered relatively quickly and the software was fixed in less than 2 hours, it took hours (and in some cases, days) to repair all of the computers that had been affected.

From Dinner to NFL Mascot

A rare, orange-shelled lobster was rescued from a Pueblo, Colorado restaurant and transferred to the Denver aquarium, where its color could be appreciated by all of the football fans that root for the Denver Broncos. Supposedly the lobster was originally caught off the coast of Canada and made its way to the Red Lobster restaurant in Pueblo by way of a supplier in Tennessee. Needless to say, “Crush” as he was named, is one lucky crustacean.

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S&P 500 INDEX: The Standard & Poor's 500 Index is an unmanaged, capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

NASDAQ 100 INDEX: The Nasdaq 100 Index is an unmanaged, capitalization-weighted index of the largest 100 non-financial stocks traded on the Nasdaq market. Unlike the S&P 500 it does not represent all major industries and may be more volatile than more broadly constructed indices.

MSCI ACWI INDEX: The MSCI ACWI captures large- and mid-cap representation across 23 developed markets (DM) and 24 emerging markets (EM) countries. With 2,495 constituents, the index covers approximately 85% of the global investable equity opportunity set.

Bloomberg U.S. Aggregate Bond Index: The Bloomberg U.S. Aggregate Bond Index is a broad-based index of the U.S. investment-grade, fixed-rate bond market, including both government-related and corporate securities and mortgage-backed and asset-backed securities.

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