



# OAKCREST MARKET MINUTE

## MARKET MINUTE AUGUST 2024

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### Market Review

July was a month of significant shifts in the stock market, as small-cap stocks experienced a large rally, along with a rotation from tech-heavy stocks to value. Volatility in August ramped up as investors digested newly released data points, fresh market news, and looming events like the coming election. Volatility was ramped up on Monday, August 5<sup>th</sup> as domestic markets dropped 3% and some international markets were down 10% in one day alone. The cause of this turmoil was the Bank of Japan surprisingly raising rates, causing a large unwind of global institutional positions due to a carry trade, where investors borrowed the Japanese yen at 0% and reinvested elsewhere using higher yielding assets. This shocked markets, seeing huge two-sided moves in nearly all asset classes for the first week of the month.

### Economic Review

On the domestic front, we received a weaker than expected jobs report with a 4.3% unemployment rate. Nonetheless, the Federal Reserve held rates steady for an 8<sup>th</sup> straight meeting and there is a high likelihood that rates will be lowered during the September meeting. We believe the Fed should've lowered it sooner, but they stayed hawkish longer than most economists initially had suggested.

### Looking Forward

Despite the turmoil, top economists think the volatility should pass and that the economy is unlikely to go into recession. Corporate earnings and fundamentals are still solid, but investors set a high bar for earnings reports this summer. The growth of the last 18 months was slightly too much to sustain, hence the healthy correction we've seen along with the economy slightly contracting. After the recent volatility, on August 8<sup>th</sup> the S&P 500 posted its best day ever since November 2022. Furthermore, mortgage rates on August 8<sup>th</sup> dropped to their lowest level since May 2023, hitting an average of 6.47% nationwide. We know there's endless headlines pertaining to the economy, elections, and markets and we'll be here to update you on our views. Feel free to contact us if you have any questions about your specific financial situation as we want to be a partner through these times.

### Returns (As of 8/5/2024)

ASSET CLASS	INDEX	4 WEEK	YTD	1 YEAR
US Large Cap	S&P 500 TR	-2.87%	12.99%	20.22%
US Large Cap	Dow Jones TR	1.03%	6.56%	14.94%
US Small Cap	Russell 2000 TR	3.77%	4.85%	8.84%
International	MSCIEAFE NR USD	-1.32%	4.76%	10.67%
Taxable Bonds	Barclays US Agg Bond TR	4.23%	3.21%	7.69%

