

7/22/2024

# The Week Ahead

## THINGS TO WATCH

### Alphabet

After the market closes tomorrow, investors will get an update from the Google parent on its progress with monetizing the integration of AI tools for enterprise cloud customers (Google Cloud) and advertising buyers (traditional search and YouTube). Alphabet's (GOOGL) total revenue in the period excluding acquisition costs is expected to have grown 14% from a year ago to \$70.68 billion, a deceleration from 16% in 1Q24. Management's comments on the trajectory of capital expenditures in coming quarters could provide an important readthrough on hyper-scaler demand for NVIDIA's (NVDA) industry-leading generative-AI enabling GPUs.

### Tesla

The world's premier electric vehicle maker will join GOOGL in reporting June quarter results tomorrow afternoon. Tesla (TSLA) shares have benefitted in recent weeks from better-than-feared 2Q24 June deliveries (444,000 units vs. consensus estimate of 439,000) announced July 3. The company is probably facing a low bar to clear as overall revenue and gross automotive margins are expected to remain suppressed amid an increasingly competitive environment in China. Investors will likely place more emphasis on TSLA's commentary about the recently-delayed Robotaxi Day (pushed back to a yet-to-be-determined date in October) and the pace of growth in its small but fast-growing energy storage business.

### Second Quarter GDP

Wednesday morning, Bureau of Economic analysis data is expected to show the U.S. economy grew at a 1.9% annualized rate in the second quarter, up from a revised 1.4% clip in 1Q24 but below the 3.0% average in the six quarters spanning 3Q22 through 4Q23. Consumer spending likely picked up after a weak first quarter, while residential investment probably contracted at a mid-single-digit rate as higher mortgage rates continue to weigh on purchases of new single-family homes and condos.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
Retail Sales (M/M)	0.0%	0.5%	▼
Housing Starts (Millions Annualized)	1.35	1.30	▲
Building Permits (Millions Annualized)	1.45	1.49	▼
Industrial Production (M/M)	0.6%	-0.2%	▼
Continuing Jobless Claims (Thousands)	1,867	1,797	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	40287.53	0.73%	8.01%	17.27%
NASDAQ	17726.94	-3.65%	18.55%	24.47%
S&P 500	5505.00	-1.95%	16.30%	22.38%
MSCI EAFE	2400.04	-2.51%	7.41%	10.44%
BB U.S. Aggregate	2177.79	-0.35%	0.60%	3.17%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	5.33%	5.38%	5.40%
10-Year Treasury	4.24%	4.22%	3.75%

REPORTS DUE THIS WEEK	LATEST
Existing Home Sales (Millions Annualized)	4.11
New Home Sales (Thousands Annualized)	619
Durable Goods Orders (M/M)	0.1%
Core PCE Price Index (Y/Y)	2.6%
Personal Income (M/M)	0.5%

Total returns are as of 7/19/24. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

## NUMBERS OF THE WEEK

2.5%

The median forecast in a Bloomberg survey for Friday's morning's year-over-year core personal consumption expenditures (PCE) index, the preferred inflation gauge of Fed policymakers. The median estimate of the 17 Federal Open Market Committee (FOMC) participants in the June "dot plot" for annual core PCE index at the end of 2024 was 2.8%. If the core PCE comes in as expected Friday, it would be 0.3% below FOMC participants' year-end expected level and suggest rate cuts could commence in September.

\$5,937

According to the Drewry WCI Composite, the average cost of shipping a 40-foot container across eight major global trade routes during the week ended July 18. This rate is up 286% from \$1,537 a year ago, but is still 40% lower than the all-time high of \$10,377 in September 2021. Shipping rates from Shanghai to Rotterdam have surged from \$1,000 in October to over \$8,000 last week. Red Sea conflict and reduced productivity in several major global ports have put upward pressure on shipping costs.

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