

# Independence Asset Advisors

## MONTHLY MARKET REVIEW – June 2024

	June 2024	YTD	1-Year	3-Years	5-Years	10-Years
U.S. Large Cap Equities S&P 500	3.59%	15.29%	24.56%	10.01%	15.05%	12.86%
U.S. Small Cap Equities Russell 2000	-0.93%	1.73%	10.06%	-2.58%	6.94%	7.00%
Energy Infrastructure Equities Alerian U.S. Midstream	3.59%	21.63%	35.90%	23.20%	14.30%	5.32%
U.S. Real Estate Equities Dow Jones U.S. Select REIT	2.74%	-0.55%	7.15%	-0.14%	2.78%	5.17%
Global Equities MSCI All Country World Index	2.23%	11.30%	19.38%	5.43%	10.76%	8.43%
International Developed Equities MSCI EAFE	-1.61%	5.34%	11.54%	2.89%	6.46%	4.33%
Emerging Market Equities MSCI Emerging Markets	3.94%	7.49%	12.55%	-5.07%	3.10%	2.79%
U.S. Taxable Fixed Income Bloomberg U.S. Aggregate	0.95%	-0.71%	2.63%	-3.02%	-0.23%	1.35%
U.S. Tax-Exempt Fixed Income Bloomberg Municipal Aggregate	1.53%	-0.40%	3.21%	-0.88%	1.16%	2.39%
High Yield Fixed Income Bloomberg U.S. Corporate High Yield	0.94%	2.58%	10.44%	1.64%	3.92%	4.31%
Floating Rate Loans Morningstar LSTA U.S. Leveraged Loan	0.35%	4.40%	11.11%	6.14%	5.53%	4.60%

## MARKET UPDATE

- Global equity market returns varied in June, but were generally positive.
- U.S. large cap stocks gained 3.6%, with “value” underperforming “growth” by 7.6% (S&P 500).
- The S&P 500 Index ended June near its record high, closing out the month at 5,460.
- Small cap stocks declined in June as signals from the Fed suggested a low probability of a July rate cut.
- Non-U.S. equity results were mixed, with developed markets underperforming emerging markets.
- Developed markets declined following the ECB’s decision to cut interest rates by 0.25%, then asserting no additional interest rate cuts were expected in the near term as forecasts emerged for higher inflation.
- Fixed income categories were unanimously positive, with investment grade bonds outperforming high yield.
- Investment grade and high yield bond yields decreased in June to 5.0% and 7.9%; loan yields were flat.
- The yield inversion between 2- and 10-year Treasuries narrowed by 0.02% in June to 0.35% (2-year at 4.7%).

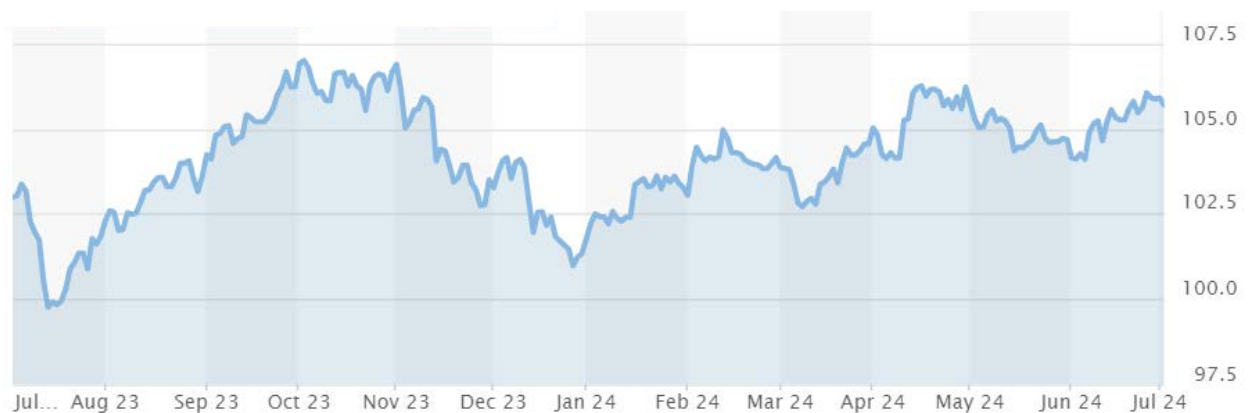
Sources: eVestment, JP Morgan, xe.com, Trading Economics, MacroTrends, npr.org, StatisticsCanada, Bloomberg, Financial Post, bea.gov, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Reuters

## IAA's WATCH LIST:

Category	Comments
<b>Growth</b>	<ul style="list-style-type: none"> <li>The U.S. economy grew 1.4% q/q in 1Q24 (revised up from 1.3%), lower than the consensus expectation for 2.5% growth.</li> <li>Consumer spending rose by 1.5%, as spending on services increased.</li> </ul>
<b>Profits</b>	<ul style="list-style-type: none"> <li>First quarter earnings season has ended.</li> <li>The current estimate for operating earnings per share is \$54.91.</li> <li>If realized, this would represent growth of 4.5% y/y and 1.9% q/q.</li> </ul>
<b>Jobs</b>	<ul style="list-style-type: none"> <li>Nonfarm payrolls increased by 206,000 in June, beating estimates.</li> <li>April and May job totals were reduced by a combined 111,000.</li> <li>Health care and government reported the strongest new job growth.</li> <li>The unemployment rate rose to 4.1% and wage growth decreased to 3.9% y/y.</li> </ul>
<b>Inflation</b>	<ul style="list-style-type: none"> <li>Core PCE declined in May, falling to 2.6% y/y compared to 2.8% in April.</li> <li>Core goods prices were flat, while auto insurance declined 0.1%.</li> </ul>
<b>Interest Rates</b>	<ul style="list-style-type: none"> <li>The Fed voted to keep interest rates at 5.25%-5.50% when it met in June.</li> <li>On the dot plot, the median member lowered the expected number of 2024 rate cuts from three to one, while one cut was added to the 2025 forecast.</li> </ul>

## CANADA:

- The U.S. dollar index (DXY) **increased** 1.1% in June and **increased 4.5%** year-to-date (see chart below), while the U.S. dollar **strengthened** 3.3% (YTD) against the Canadian dollar to end the month with an exchange rate of **1.37**.
- The Bank of Canada amended its policy rate by 0.25% in June, from 5.00% to 4.75%.
- Canada's central bank was the first Group of Seven ("G7") member to reduce interest rates.
- The decision was based on Canada's slowing economy, although it was announced shortly after the rate cut announcement that Canadian core inflation rose 0.2% in April to 2.9% y/y.
- Additional growth is forecasted in May, suggesting the Bank of Canada may elect to take no action in July and reevaluate policy when it meets again in September.



Sources: eVestment, JP Morgan, xe.com, Trading Economics, MacroTrends, npr.org, StatisticsCanada, Bloomberg, Financial Post, bea.gov, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Reuters

## COMMODITIES:

### OIL:

- **The price of crude oil was \$81.46 per barrel (WTI).**
- Oil prices increased \$4.47 per barrel, or 5.8%, in June.
- Crude oil traded higher in anticipation of rising demand, which is expected to peak in early July. Oil prices have also been supported by OPEC+ supply constraints, which will extend output cuts until 2025.
- **Oil is forecasted to trade between \$80 and \$90 per barrel over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2024	\$78.88	\$87.01	\$70.38	14%
2023	\$77.64	\$93.84	\$66.74	-11%
2022	\$94.53	\$123.70	\$71.59	7%
2021	\$68.17	\$84.65	\$47.62	55%
2020	\$39.68	\$63.27	\$11.26	-21%
2019	\$56.99	\$66.24	\$46.31	35%
2018	\$65.23	\$77.41	\$44.48	-25%
2017	\$50.80	\$60.46	\$42.48	12%
2016	\$43.29	\$54.01	\$26.19	45%
2015	\$48.66	\$61.36	\$34.55	-31%
2014	\$93.17	\$107.95	\$53.45	-46%

### COPPER:

- **The price of copper was \$4.40 USD per pound.**
- Copper prices decreased \$0.19 per pound, or 4.1%, in June.
- Copper prices have fallen sharply from the \$5.10 per pound high mark set on May 20<sup>th</sup>. The price decline in June was attributable to robust inventories and demand-side uncertainties. Chinese demand has fallen but is expected to increase as prices decline.

Year	Ave. Price	High	Low	% Change
2024	\$4.20	\$5.10	\$3.68	13%
2023	\$3.86	\$4.28	\$3.57	2%
2022	\$4.00	\$4.94	\$3.23	-14%
2021	\$4.24	\$4.76	\$3.52	27%
2020	\$2.80	\$3.63	\$2.10	26%
2019	\$2.72	\$2.97	\$2.53	6%
2018	\$2.93	\$3.30	\$2.56	-20%
2017	\$2.81	\$3.30	\$2.49	32%
2016	\$2.20	\$2.69	\$1.94	17%
2015	\$2.49	\$2.94	\$2.02	-25%
2014	\$3.11	\$3.38	\$2.83	-17%

- **Copper is forecasted to trade between \$4.40 and \$4.75 per pound over the next 12 months.**

### ALUMINUM:

- **The price of aluminum was \$2,524 USD per tonne.**
- Aluminum prices decreased \$128 per tonne, or 4.8%, in June.
- Aluminum traded lower in June following reports of ample supply and muted demand. Supply surged in June as rainfall in the Chinese production hub of Yunnan increased hydropower and revitalized idled smelter capacity.
- **Aluminum is forecasted to trade between \$2,575 USD/tonne and \$2,695 over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2024	\$2,402	\$2,740	\$2,154	6%
2023	\$2,288	\$2,662	\$2,122	0%
2022	\$2,711	\$3,966	\$2,103	-15%
2021	\$2,486	\$3,198	\$1,954	42%
2020	\$1,732	\$2,068	\$1,427	9%
2019	\$1,811	\$1,936	\$1,706	-2%
2018	\$2,115	\$2,556	\$1,817	-19%
2017	\$1,979	\$2,272	\$1,686	34%
2016	\$1,610	\$1,784	\$1,450	12%
2015	\$1,679	\$1,978	\$1,436	-18%
2014	\$1,984	\$2,107	\$1,840	0%

## Disclosures:

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