



QUARTERLY MARKET REVIEW • RETROSPECTIVE

Second Quarter 2024

Large technology companies carried the S&P; 500 and the Nasdaq to new highs, while most other stocks struggled to keep up.

Data as of June 30, 2024 | Retrospective review prepared October 2026
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THE QUARTER AT A GLANCE

A narrow climb to new highs

+3.9%**S&P 500**

Price return for the quarter, bringing the first-half gain to about 14.5%

+8.3%**NASDAQ COMPOSITE**

Price return for the quarter, led by AI-related companies

5.25%–5.50%**FED FUNDS TARGET**

Unchanged since July 2023

3.3%**INFLATION (CPI)**

May, year over year, down from 3.5% in March

01**A narrow market.**

A handful of the largest technology companies accounted for most of the gains, while six of the eleven sectors in the S&P; 500 declined.

02**An April wobble.**

Stocks fell in April as inflation came in hotter than expected, then recovered to new highs in May and June.

03**Inflation cooled again.**

After rising early in the quarter, inflation resumed its downward path in May.

U.S. STOCKS

Large technology companies carried the market to new highs

The S&P; 500 gained 3.9% in the second quarter and the Nasdaq rose 8.3%, both reaching record highs in June. The Dow Jones Industrial Average slipped 1.7%.

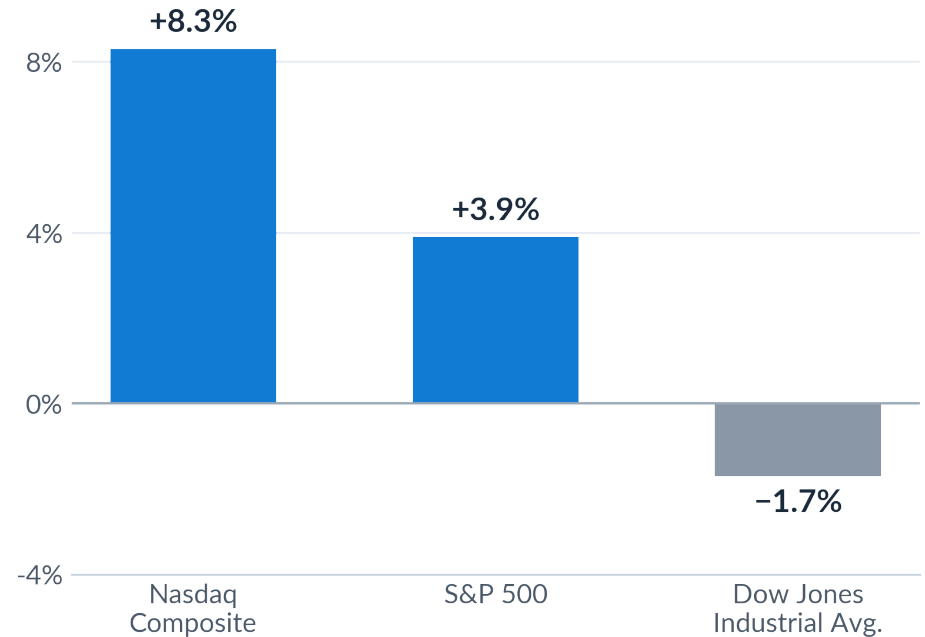
The gains were highly concentrated. Six of the eleven sectors in the S&P; 500 declined during the quarter, while a few of the largest companies tied to artificial intelligence did most of the lifting. Nvidia briefly became the most valuable company in the world in June.

For the first half of 2024, the S&P; 500 rose about 14.5% and the Nasdaq about 18%.

WHY IT MATTERS

When a small group of stocks drives the market, a diversified portfolio can feel like it is falling behind. Diversification is designed for the long run, when leadership changes, as it often does.

Second-quarter price returns, major U.S. indexes



Source: S&P Dow Jones Indices; Nasdaq. Price returns, March 28 to June 28, 2024. Indexes are unmanaged and cannot be invested in directly. Past performance is not a guarantee of future results.

INTEREST RATES AND THE FED

The Fed waited for more evidence that inflation was cooling

The Federal Reserve held its benchmark rate at 5.25% to 5.50%, where it had been since July 2023. In June, Fed officials projected just one rate cut in 2024, fewer than the three they had projected in March.

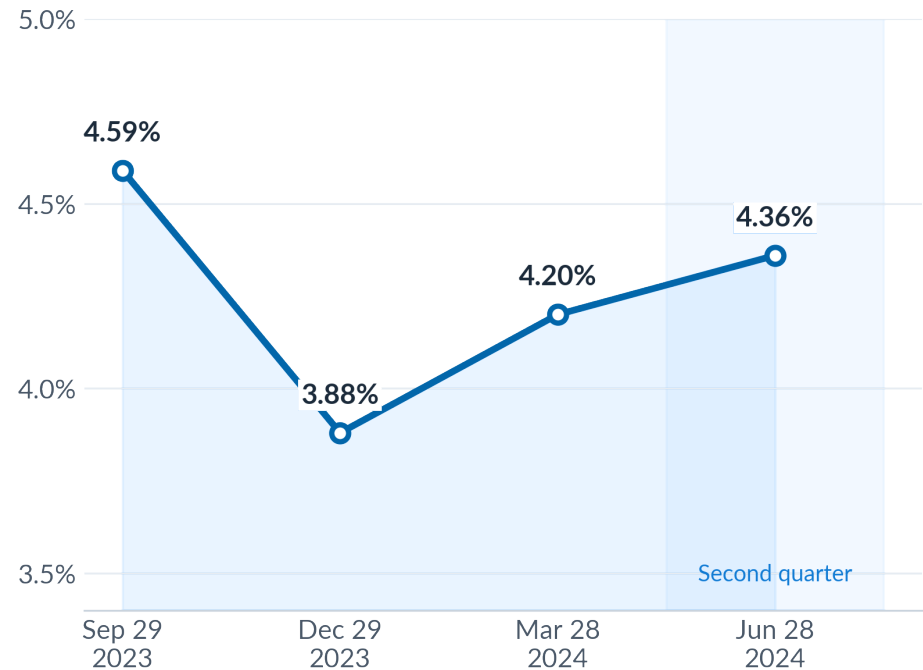
The 10-year Treasury yield rose to about 4.7% in late April after hotter-than-expected inflation reports, then eased to 4.36% by the end of June.

Bonds were roughly flat for the quarter.

WHY IT MATTERS

Waiting for the Fed can be frustrating, but high short-term rates continued to reward savers, with cash and short-term Treasuries paying yields above 5%.

10-year U.S. Treasury yield, quarter-end closes



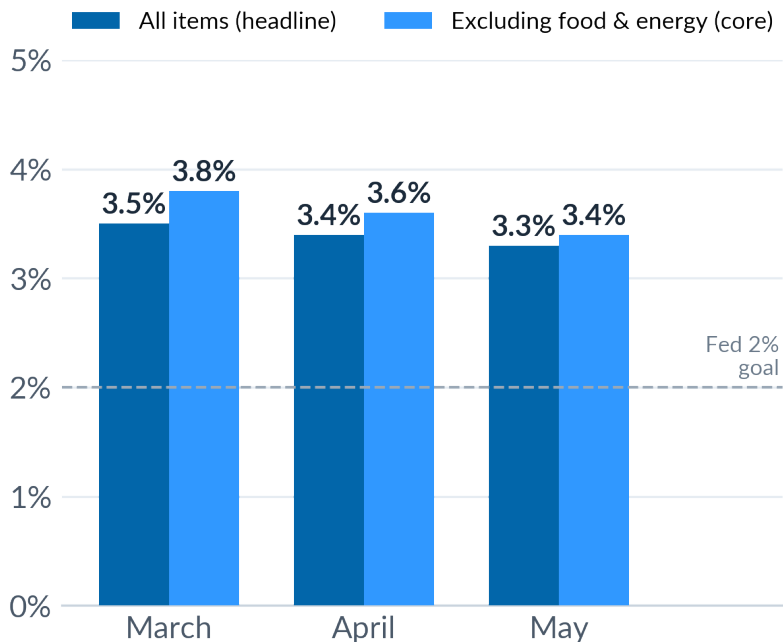
Source: Board of Governors of the Federal Reserve System, H.15 Selected Interest Rates; U.S. Department of the Treasury. Constant-maturity yields at each quarter-end.

INFLATION AND OIL

Inflation resumed its slow decline

Overall inflation rose to 3.5% in March, raising concerns, before easing to 3.3% in May. Core inflation, which leaves out food and energy, fell to 3.4%, its lowest level since 2021.

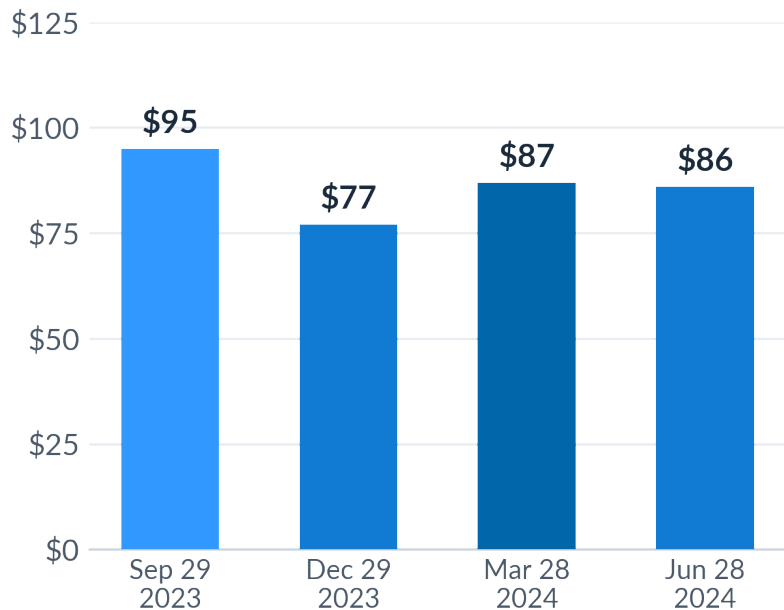
Consumer price inflation, year over year



Source: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers.

Oil prices were little changed over the quarter. Brent crude ended June near \$86 a barrel, about where it began the quarter, as supply and demand stayed roughly in balance.

Brent crude oil futures, dollars per barrel



Source: ICE Futures Europe, Brent front-month settlement prices at each quarter-end.

LOOKING BACK

What came next

Leadership broadened

In July 2024, smaller companies rallied as investors began to look beyond the largest technology stocks.

The first rate cut

The Fed cut rates by half a percentage point in September 2024, its first cut since 2020.

A brief but sharp scare

Stocks fell sharply in early August 2024, then recovered within weeks.

A strong year

The S&P; 500 finished 2024 up about 23%, capping its best two-year stretch since the late 1990s.

KEEPING PERSPECTIVE

Mid-2024 felt like a market driven by a few companies. Within weeks, leadership began to shift. Markets rotate, sometimes quickly, which is why we prefer diversified portfolios over chasing what has recently worked. Past performance is not a guarantee of future results.

IMPORTANT INFORMATION

Definitions, sources, and disclosures

Definitions. The S&P 500 tracks 500 large U.S. companies. The Nasdaq Composite includes more than 3,000 stocks listed on the Nasdaq exchange and is weighted toward technology. The Dow Jones Industrial Average tracks 30 large U.S. companies. The 10-year Treasury yield is the annual return on a 10-year U.S. government bond held to maturity. The Consumer Price Index (CPI) measures changes in prices paid by urban consumers; core CPI excludes food and energy. Brent crude is the main global benchmark for oil prices. The federal funds rate is the Federal Reserve's benchmark short-term interest rate.

Sources. S&P Dow Jones Indices; Nasdaq; Board of Governors of the Federal Reserve System (FOMC statements, Summary of Economic Projections, H.15 Selected Interest Rates); U.S. Department of the Treasury; ICE Futures Europe; U.S. Bureau of Labor Statistics. Data as of June 30, 2024, unless otherwise noted. The "Looking back" page reflects data through December 2025.

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