

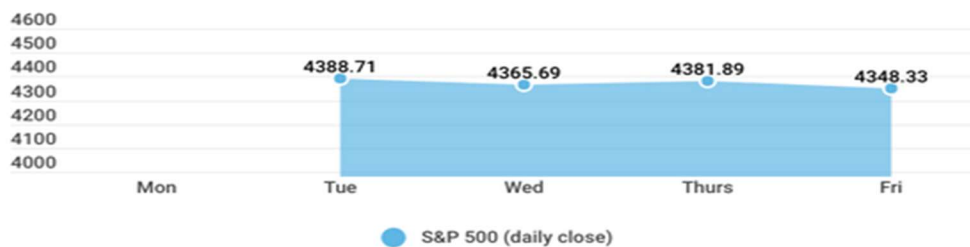
WEEKLY ECONOMIC UPDATE JUNE 26, 2023

Stocks took a breather last week as investors digested the previous week's surge and the month-to-date solid gains.

The Dow Jones Industrial Average lost 1.67%, while the Standard & Poor's 500 fell 1.39%. The Nasdaq Composite index dropped 1.44% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, tumbled 2.00%.^{1,2,3}



Market Index	Close	Week	Y-T-D
DJIA	33,727.43	-1.67%	+1.75%
NASDAQ	13,492.52	-1.44%	+28.91%
MSCI-EAFE	2,127.43	-2.00%	+9.44%
S&P 500	4,348.33	-1.39%	+13.25%



	Treasury	Close	Week	Y-T-D
	10-Year Note	3.80%	+0.03%	-0.08%

Sources: The Wall Street Journal, June 23, 2023; Treasury.gov, June 23, 2023

Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ Composite Index is measured from the close of trading on Friday, June 16, to Friday, June 23 close. Weekly performance for the MSCI-EAFE is measured from Friday, June 16, open to Thursday, June 22 close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

Rally Stalls

The stock market drifted lower last week as the tug-of-war between bulls and bears played out in a week that was light on market-moving news.

After falling in the first days of a holiday-shortened trading week, stocks rebounded on Thursday to recover some of the week's losses. Stocks looked past Congressional testimony by Fed Chair Powell, who said two more rate hikes are likely in the wake of interest rate hikes by central bankers in the U.K., Switzerland, Norway, and Turkey.

The retreat continued into Friday, fueled by global growth fears from new economic data indicating more robust economic slowdowns in the eurozone, Japan, and Australia.

Housing Sentiment Improves

Home builders' confidence edged into positive territory for the first time in 11 months, aided by strong demand, low inventory, and a recovering supply chain. May's new home sales, which rose 21.7%—the most significant percentage gain since October 2016, validated this confidence. The number of new home starts in May (1.63 million) hit a 13-month high, with both single- and multi-family homes up substantially.^{4,5}

Sales of existing homes in May rose 0.2% month-over-month while declining 20.4% from a year ago. The existing home market continues to suffer from low inventory and still-high prices. The median price of a home sold in May declined 3.1% year-over-year to \$396,100.⁶

This Week: Key Economic Data

Tuesday: Durable Goods Orders. New Home Sales.

Thursday: Gross Domestic Product (GDP). Jobless Claims.

Friday: Personal Income and Outlays. Consumer Sentiment.

Quote of the Week



"It is odd how, when you have a secret belief of your own which you do

not wish to acknowledge, the voicing of it by someone else will rouse you to a fury of denial”

– Agatha Christie



In this twenty-minute conversation with Investor Talk’s Jan Kneist, Matterhorn Asset Management Asset Management (a firm which markets gold bullion) founding partner, Egon von Greyerz, soberly assesses the current calm before an inevitable storm driven by rising rates and investor indifference to otherwise ominous cracks in the global economy.

Whether sitting in Switzerland or Sweden, a bemused von Greyerz observes restaurants at full capacity as head-in-the-sand consumers ignore crippling (and increasing) rate hikes from the Euro zone to Canada.

Sadly, this all-too-common “death dance” in the face of historically unprecedented debt and deteriorating financial indicators is nothing new to economies racing blindly toward a debt cliff.

Von Greyerz specifically addresses recent US bank regulations and capital requirements adding insult to injury to already fragile lenders sitting on weak legacy loans and simultaneous credit contraction. Adding to this irony is the rise in new home construction permits which fail to ask the question of who will be buying such properties as real estate, like autos, head toward a “negative equity iceberg.”

This current café society calm, however, ignores the inevitable consequences of rising rates and undefeated inflation whose longer-term economic pressures, lagging for now, will emerge with crippling force in the months ahead.

Far-sighted investors, of course, keep things simple.

They see, for example, that interest expense on Uncle Sam’s debt is now at \$1T per annum against around \$20T in GDP, a ratio which makes the inflationary money printing ahead as easy to foresee (and prepare for) as his Argentine friend who bought gold rather than pesos in 1970.

For von Greyerz, developed markets, like the US and EU, will be no exception to such emerging market narratives.

In the end, all broke governments become the best of friends to precious metal investors, for the historically-confirmed reason that all broken regimes always debase their currencies.

As von Greyerz calmly concludes: "It's just that simple."⁷

Watch the full interview below:

<https://www.youtube.com/watch?v=nrRSSiXPwcl&t=3s>

Footnotes and Sources

1. The Wall Street Journal, June 23, 2023.
2. The Wall Street Journal, June 23, 2023.
3. The Wall Street Journal, June 23, 2023.
4. National Association of Home Builders, June 19, 2023
5. Reuters, June 20, 2023.
6. CNBC, June 22, 2023.
7. [zerohedge.com/markets/von-greyerz-familiar-death-dance-investors-are-out-lunch-macro-cracks-widen](https://www.zerohedge.com/markets/von-greyerz-familiar-death-dance-investors-are-out-lunch-macro-cracks-widen)

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