

# Monthly Market Perspectives

October 2024

## KEY INSIGHTS

- In October, U.S. stock indices were relatively uneventful as they chopped along ending the month slightly lower.
- Bond yields experienced heightened volatility with rates rising sharply as GDP, the jobs environment, and inflation all showed signs of a stronger than expected economy. Uncertainty around the election and fiscal policy also contributed to elevated interest rate volatility.
- CPI and PCE continued to decelerate, although still remain higher than the Fed's 2% target rate.
- The Federal Reserve is expected to cut interest rates by 0.25% (25bps) on Thursday, November 7th.

## ECONOMY

- GDP for the third quarter of the year came in at 2.8%, slightly lower than the 3.0% estimate, led by strong consumption and government spending.
- The labor market appeared to rebound sharply in September as the economy added 223k jobs, much higher than the 150k estimate. October jobs came in at 12k jobs, well below the 100k estimate, although markets shrugged off this miss as it was affected by the hurricanes and labor strikes.
- Inflation, as measured by the consumer price index (CPI), slowed to 2.4% year-over-year in October, down from 2.5% in September. Energy and food cost have helped pull CPI down. CPI ex-energy and food (Core CPI) remains elevated at 3.3% year-over-year.

## FIXED INCOME

- In the bond markets, yields across the curve rose sharply during the month as stronger than expected job gains eased fears of a weakening labor market. Strong GDP, uncertainty around fiscal policy, and in-line inflation also contributed to rising rates on the long end of the curve.
- The Bloomberg U.S. Aggregate Index fell by 2.5%, while the Bloomberg U.S. Corporate High Yield Index fell 0.5%.
- Yields across the curve increased as the 2-year treasury rose 53bps to 4.17% and the 10-year rose 50bps to 4.29%.
- Spreads on corporate bonds investment grade and high yield remain very tight by historical standards.
- Interest rate futures are pricing two more 25bps cuts by the end of the year and another 2-3 cuts in 2025.

## WHAT TO WATCH

- Federal Reserve Rate Decision 11/7
- Consumer Price Index (CPI) 11/13
- Producer Price Index (PPI) 11/14
- Jobless and Continuing Claims 11/14
- Retail Sales 11/15
- Personal Consumption Expenditures (PCE) 11/27

## EQUITY MARKETS

- In October, the S&P 500 fell 0.92%, while US small and mid cap indices declined by 2.64% and 0.71%, respectively. Developed international and emerging markets fell by 5.43% and 4.32%, respectively.
- As of November 1st, 70% of the S&P 500 had reported earnings, according to FactSet. 75% of companies have beat earning estimates by an average of 4.6%, compared with the 5 year average of 77% beating by 8.5%.
- The blended growth rate for third quarter earnings is currently 5.1%. If the positive growth rate is achieved, this will mark the 5th straight quarter of year-over-year earnings growth for the index.
- According to J.P. Morgan, the top seven stocks in the S&P 500 are expected to grow their earnings this quarter by 20%, while the other 493 stocks are expected to post ~0% growth in aggregate. The S&P 500 continues to be extremely concentrated as the top 10 stocks make up ~37% of the index.

## COMMODITIES / CURRENCIES / REAL ESTATE

- West Texas Intermediate (WTI) increased 1.60% during the month, ending at \$69.26 a barrel.
- Gold prices increased to \$2,743.97 per oz., up \$109.39 (+4.15%) from the end of September.
- The U.S. dollar (USD) Spot Index increased ~3.17% against a basket of currencies.
- Domestic real estate finished the month lower, as the Wilshire U.S. Real Estate Securities Index declined ~2.49% in October.



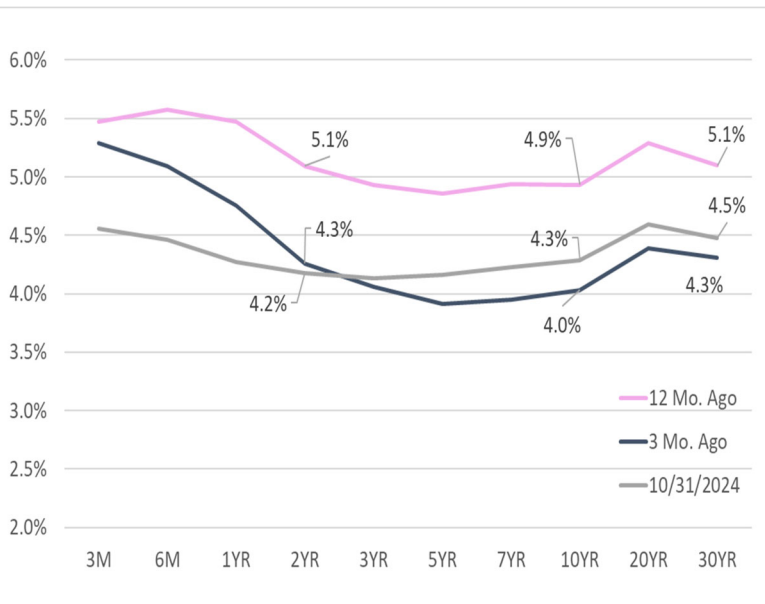
**GLOBAL MARKET SUMMARY**

Index	Level	1 Mos.	3 Mos.	12 Mos.
S&P 500	5705.45	-0.9%	3.7%	38.0%
Dow Jones Industrial Average	41763.46	-1.3%	2.7%	28.9%
NASDAQ Composite	18095.15	-0.5%	3.0%	41.9%
MSCI Emerging Markets	1119.52	-4.3%	3.8%	25.9%
MSCI EAFE	2332.94	-5.4%	-1.4%	23.7%
MSCI All Country World	832.3	-2.2%	2.7%	33.4%

**U.S. TREASURY MARKET**

Maturity	12 Mo. Ago	3 Mo. Ago	10/31/2024	Change 3 Month
1M	5.4%	5.4%	4.7%	-0.70%
3M	5.5%	5.3%	4.6%	-0.73%
6M	5.6%	5.1%	4.5%	-0.63%
1YR	5.5%	4.8%	4.3%	-0.48%
2YR	5.1%	4.3%	4.2%	-0.08%
3YR	4.9%	4.1%	4.1%	0.08%
5YR	4.9%	3.9%	4.2%	0.25%
7YR	4.9%	4.0%	4.2%	0.28%
10YR	4.9%	4.0%	4.3%	0.25%
20YR	5.3%	4.4%	4.6%	0.20%
30YR	5.1%	4.3%	4.5%	0.17%

**U.S. TREASURY YIELD CURVE**



**U.S. EQUITY SIZE & STYLE RETURNS**

3 Month				12 Months		
Value	Core	Growth		Value	Core	Growth
2.79%	3.66%	4.40%	<b>Large</b>	31.67%	37.99%	43.61%
1.76%	0.36%	-0.94%	<b>Medium</b>	32.69%	32.96%	33.24%
-2.08%	-3.24%	-4.44%	<b>Small</b>	28.79%	29.90%	30.63%

**S&P 500 Index Sector Returns**

Index	1 Mos.	3 Mos.	12 Mos.
Information Technology	-1.0%	2.8%	51.2%
Health Care	-4.6%	-1.4%	19.9%
Financials	2.7%	6.7%	46.3%
Cons. Discretionary	-1.5%	4.4%	32.0%
Industrials	-1.3%	4.9%	38.0%
Communication Services	1.9%	8.0%	48.4%
Cons. Staples	-2.8%	3.9%	23.3%
Energy	0.8%	-3.6%	8.0%
Utilities	-1.0%	10.6%	38.6%
Real Estate	-3.3%	5.7%	35.2%
Materials	-3.5%	1.4%	24.8%

**U.S. FIXED INCOME**

Index	Level	1 Mos.	3 Mos.	1 Year
Bloomberg U.S. Treasury Bills: 1-3 Months	288	-0.6%	1.1%	5.8%
Bloomberg U.S. Aggregate	2,202	-2.5%	0.2%	10.5%
Bloomberg Treasury	2,308	-2.4%	0.1%	8.4%
Bloomberg U.S. TIPS	352	-1.8%	0.5%	8.6%
Bloomberg U.S. Credit	3,310	-2.4%	0.9%	13.6%
Bloomberg Corporate High Yield	2,664	-0.5%	2.7%	16.5%

**OTHER**

	10/31/2024	9/30/2024	7/31/2024
Fed Funds Target	5	5	5.5
30-Year Fixed Mortgage	7.28	6.68	7.04
WTI Oil (\$/barrel)	69.26	67.77	75.42
Gold (\$/oz)	2743.97	2634.58	2447.6
Natural Gas (\$/mmBtu)	2.707	2.923	2.036
Euro (\$/€)	1.0884	1.1135	1.0826



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