

Weekly Market Recap

October 28, 2024

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500 [®] Index	5,808	-1.0%	21.8%
Dow Jones Industrial Average	42,114	-2.7%	11.7%
NASDAQ	18,519	0.2%	23.4%
Russell 2000 [®] Index	2,208	-3.0%	8.9%
MSCI EAFE Index	2,360	-2.0%	5.5%
Ten-Year Treasury Yield	4.24%	0.2%	0.4%
Oil WTI ¹ (\$/bbl ²)	\$71.65	4.3%	0.0%
Bonds ³	\$98.59	-0.9%	2.2%

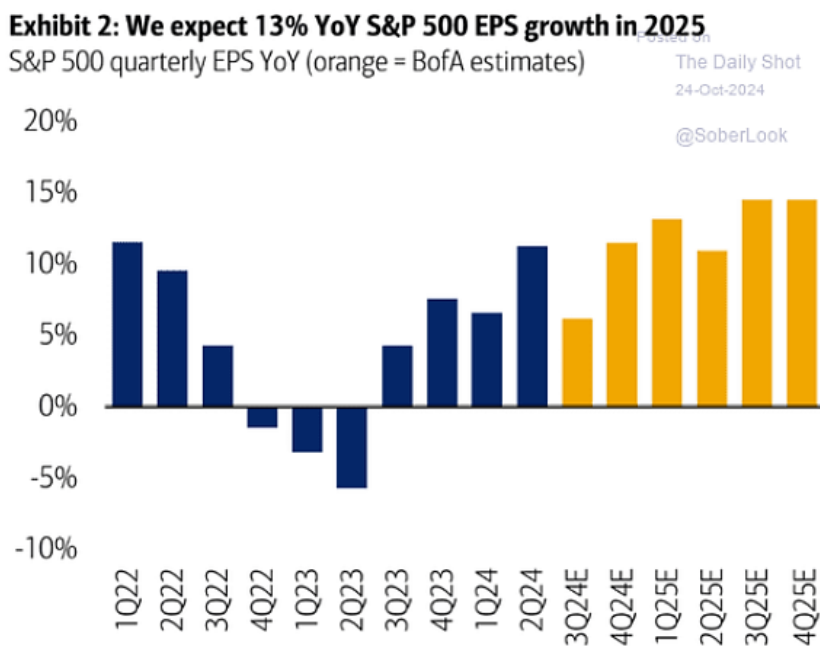
¹WTI = West Texas Intermediate Oil. ²bbl = Barrel. ³Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

Last Week:

U.S. Equity Market

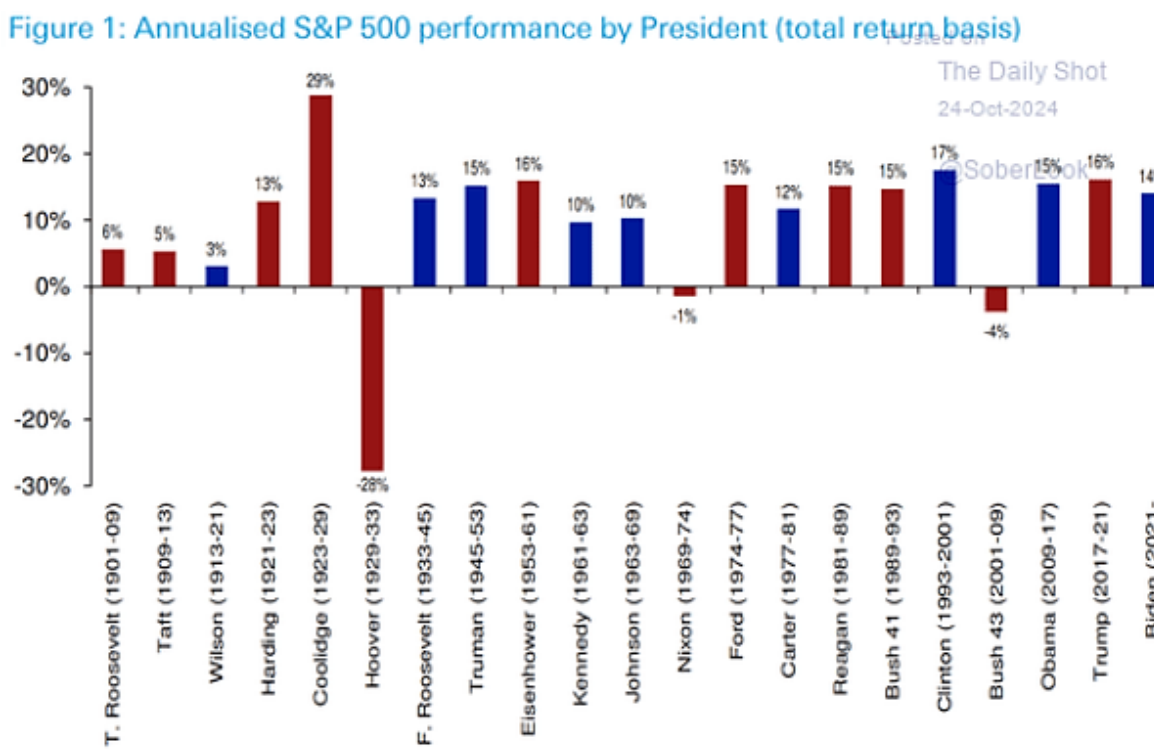
- U.S. large-cap equities (S&P 500 Index) fell -1.0% as interest rates increased with the 10-year Treasury yield rising to 4.24% from a 4.08% level. This was supported by the narrative that the U.S. economy is quite resilient, and the increasing odds of a Trump/Republican sweep could lead to elevated levels of inflation due to more tariffs and government spending. Economic data supported the economic resilience theme with U.S. Flash Manufacturing and Services Purchasing Managers' Index (PMI) data that was ahead of expectations and initial jobless claims were the lowest in a month. Futures markets are still predicting a 95% chance the Federal Reserve (Fed) will cut short-term rates by 0.25% at the November meeting and implement an additional 1.25% of cuts through the end of 2025, though at a slower pace than previously expected. Gold rose +0.9% and WTI crude rose +4.3%.
- S&P 500 Index Sector Returns:
 - Consumer discretionary (+0.9%) rose, partially offset by weakness in homebuilders, retailers, and apparel stocks.
 - Technology (+0.2%) rose.
 - Communication services (-0.1%) fell, led lower by telecommunication services stocks.
 - Energy (-0.6%) fell, despite the price of WTI rising +4.3%.
 - Consumer staples (-1.0%), real estate (-1.5%), utilities (-1.9%), and healthcare (-3.0%) underperformed, as interest rates increased.
 - Financials (-2.1%) fell, led lower by banks.
 - Industrials (-2.8%) fell, led lower by airlines and transports.
 - Materials (-4.0%) fell, led lower by chemical stocks.

- Bank of America expects that earnings for the S&P 500 Index will grow by +13% year-over-year (YoY) in 2025.



EPS: earnings per share. Sources: Bank of America; The Daily Shot.

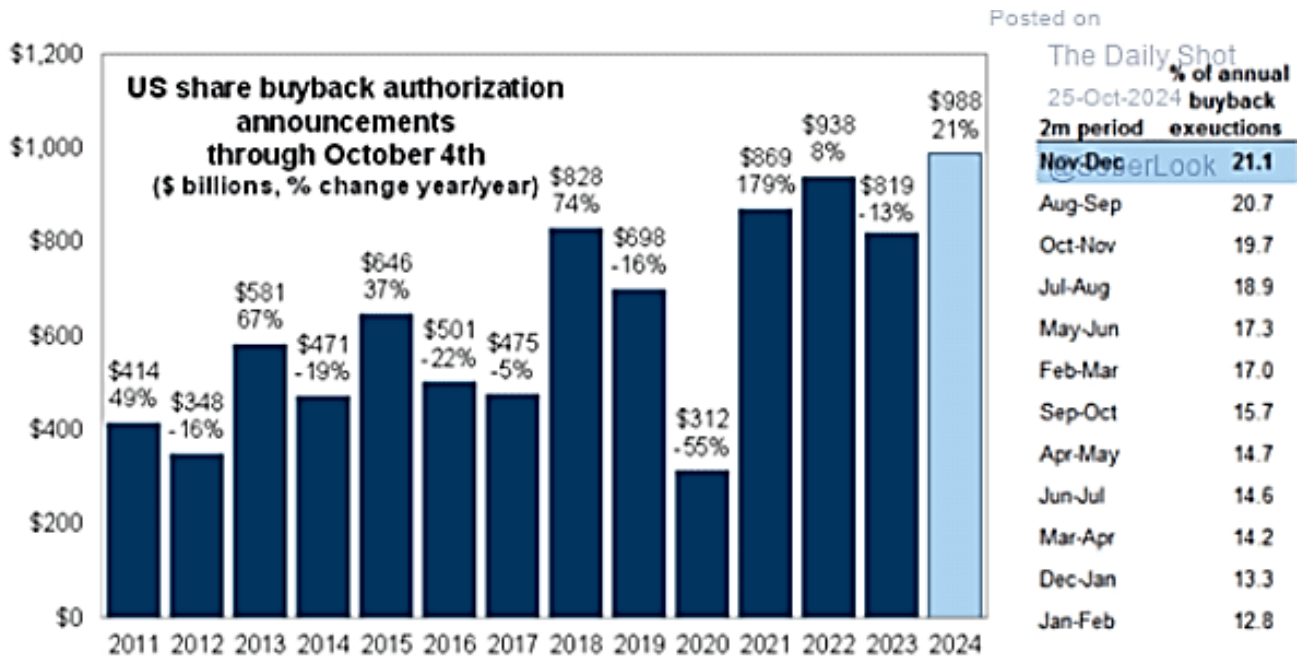
- Historically, the S&P 500 has generated attractive returns regardless of the presidential political affiliation, with the three exceptions of George W. Bush (tech bubble implosion and 2008 Global Financial Crisis), Richard Nixon (U.S. recession and high inflation), and Herbert Hoover (The Great Depression).



Red bars: Republican presidents. Blue bars: Democratic presidents. Sources: GFD; Deutsche Bank; The Daily Shot.

Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on page 6.

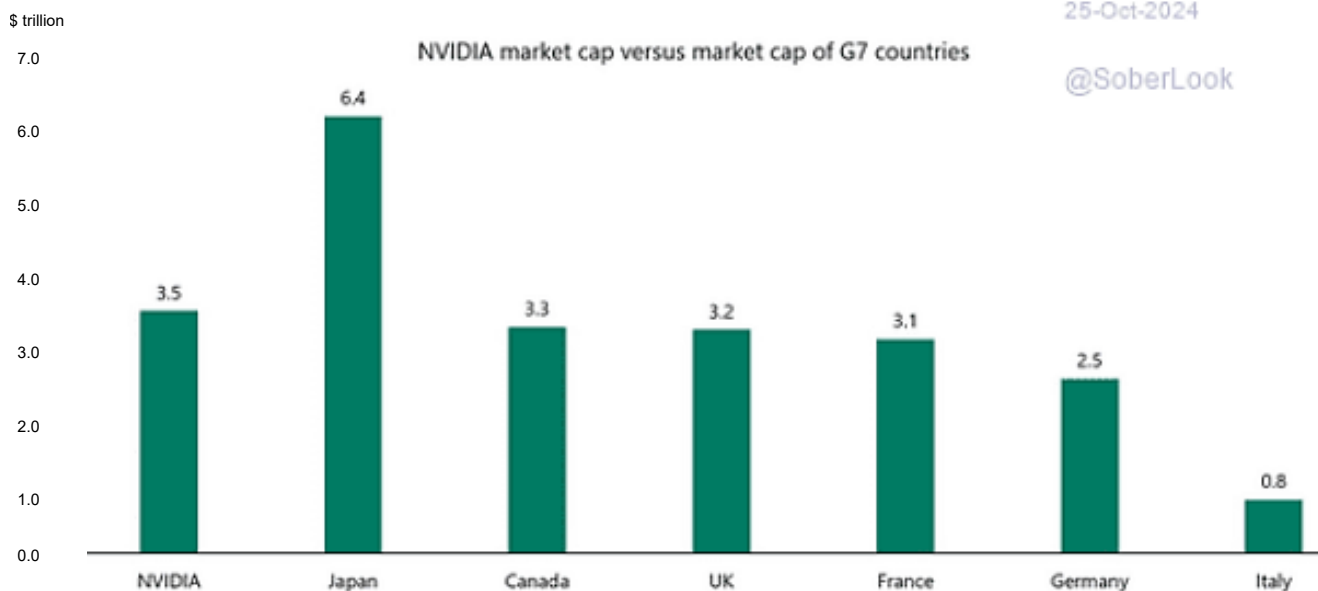
- November and December have historically had the greatest percentage of annual stock repurchases relative to any other two-month period.



Sources: Goldman Sachs; The Daily Shot.

- NVIDIA's market cap is larger than the entire stock markets of Canada, the U.K., France, Germany, and Italy.

Global equity returns are basically all about NVIDIA



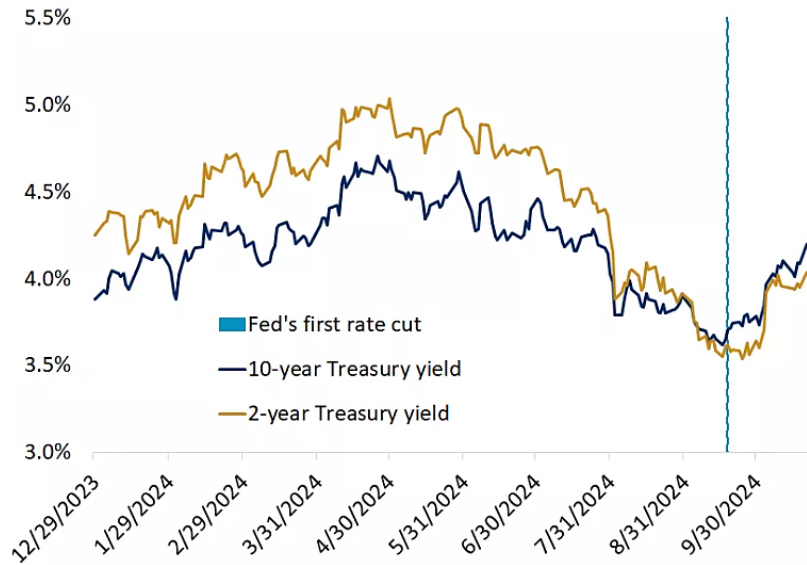
Sources: Apollo; The Daily Shot.

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Fixed Income Markets

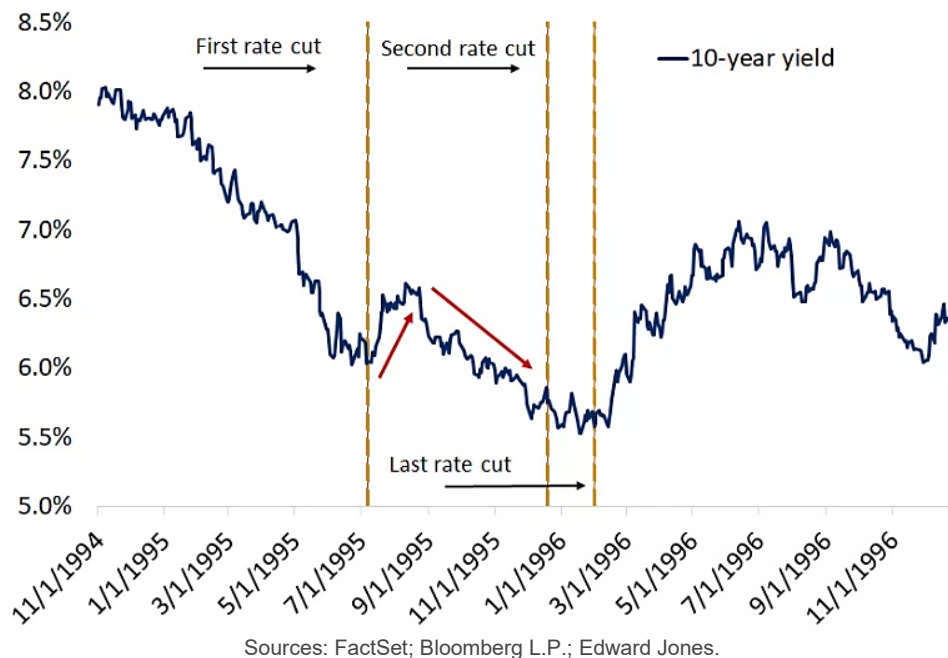
- Stronger-than-expected economic data has contributed to the recent rise in both the 2-year and 10-year Treasury yields as investor expectations related to elevated inflation also appear to rise.

Short- and long-term rates have risen after the Fed's initial rate cut



- During the 1995 easing cycle, 10-year Treasury yields rose +0.6% following the Fed's July 1995 rate cut. However, the downtrend resumed, and by October, yields were making new lows for the year.

Yields rose initially during the '95 easing cycle before resuming lower



U.S. Economic and Political News

- Existing home sales also beat analyst expectations and hit the highest level in 16 months, though existing homes sales fell to the slowest pace in 14 years.

International Markets and News

- European markets (STOXX 600 Index) fell -1.2% as the Eurozone PMI for October of 49.7 remained in contraction territory (PMI below 50 indicates contraction).
- The Chinese stock market (Shanghai Composite) rose +1.2% as the People's Bank of China injected ¥700B into the local banking system and left the lending rate unchanged at 2.0% as expected.
- Japanese equities (Nikkei 225 Index) fell -2.7% amid the uncertainty of Japan's general election on October 27th.

This Week:

- The volume of corporate earnings reports will be moderate this week.
- Economic data:
 - Monday: Limited U.S. data;
 - Tuesday: Wholesale Inventories, Federal Housing Finance Agency (FHFA) House Price Index, Job Openings and Labor Turnover Survey (JOLTS), Consumer Confidence Index, American Petroleum Institute (API) Crude Inventories;
 - Wednesday: Mortgage Bankers Association (MBA) Mortgage Purchase Applications, Automatic Data Processing (ADP) Employment Report, Q3 advance gross domestic product (GDP), Pending Home Sales, Department of Energy (DOE) Crude Inventories;
 - Thursday: Challenger Job Cuts, Weekly Jobless Claims, Core personal consumption expenditures (PCE), Personal Spending, Personal Income, Employment Cost Index, Chicago PMI, Energy Information Administration (EIA) Natural Gas Inventories;
 - Friday: Nonfarm Payrolls, Unemployment Rate, Average Weekly Hours, Average Hourly Earnings, PMI Manufacturing Final, Construction Spending, Institute for Supply Management (ISM) Manufacturing Index.

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®
Executive Director

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Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

The S&P 500® Index is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The Dow Jones Industrial Average (DJIA) is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

The NASDAQ Composite Index is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

The MSCI EAFE Index is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The Nikkei 225 is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

The Shanghai Stock Exchange Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

Technical Terms: **The Consumer Confidence Index (CCI)** is a survey administered by the Conference Board. The CCI measures what consumers are feeling about their expected financial situation, whether that's optimistic or pessimistic. **Earnings per share (EPS)** is a measure of a company's profitability that indicates how much profit each outstanding share of common stock has earned. It's calculated by dividing the company's net income by the total number of outstanding shares. **The Employment Cost Index (ECI)** is a quarterly economic series published by the Bureau of Labor Statistics that details the growth of total employee compensation. The index is prepared and published by the Bureau of Labor Statistics (BLS), a unit of the United States Department of Labor. **The eurozone** is a geographic and economic region that consists of all the European Union countries that have fully incorporated the euro as their national currency. **The FHFA House Price Index (FHFA HPI®)** is a comprehensive collection of publicly available house price indexes that measure changes in single-family home values based on data that extend back to the mid-1970s from all 50 states and over 400 American cities. **Flash Manufacturing PMI** is an estimate of manufacturing for a country, based on about 85% to 90% of total Purchasing Managers' Index (PMI) survey responses each month. **Flash services PMI** is an early estimate of the Services Purchasing Managers' Index (PMI) for a country, designed to provide an accurate advance indication of the final services PMI data. **A futures market** is an auction market in which participants buy and sell commodity and futures contracts for delivery on a specified future date. Futures are exchange-traded derivatives contracts that lock in future delivery of a commodity or security at a price set today. **Gross domestic product (GDP)** is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health. **The Group of Seven (G7)** is an informal grouping of seven of the world's advanced economies, including Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States, as well as the European Union. **The ISM manufacturing index**, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at manufacturing firms nationwide. **The Job Openings and Labor Turnover Survey (JOLTS)** program of the Bureau of Labor Statistics (BLS) produces monthly and annual estimates of job openings, hires, and separations for the nation. **Nonfarm payrolls (NFP)** are a monthly economic indicator that measures the number of people employed in the United States, excluding certain groups of workers. **Personal consumption expenditures (PCE)** is the total value of goods and services purchased by US residents. PCE is the primary measure of consumer spending in the US economy. (Technical definitions are sourced from Corporate Finance Institute.)

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