

Weekly Market Recap

October 7, 2024

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500 [®] Index	5,751	0.2%	20.6%
Dow Jones Industrial Average	42,353	0.1%	12.4%
NASDAQ	18,138	0.1%	20.8%
Russell 2000 [®] Index	2,213	-0.5%	9.2%
MSCI EAFE Index	2,420	-3.5%	8.2%
Ten-Year Treasury Yield	3.97%	0.2%	0.1%
Oil WTI ¹ (\$/bbl ²)	\$74.46	9.2%	3.9%
Bonds ³	\$99.96	-1.5%	4.1%

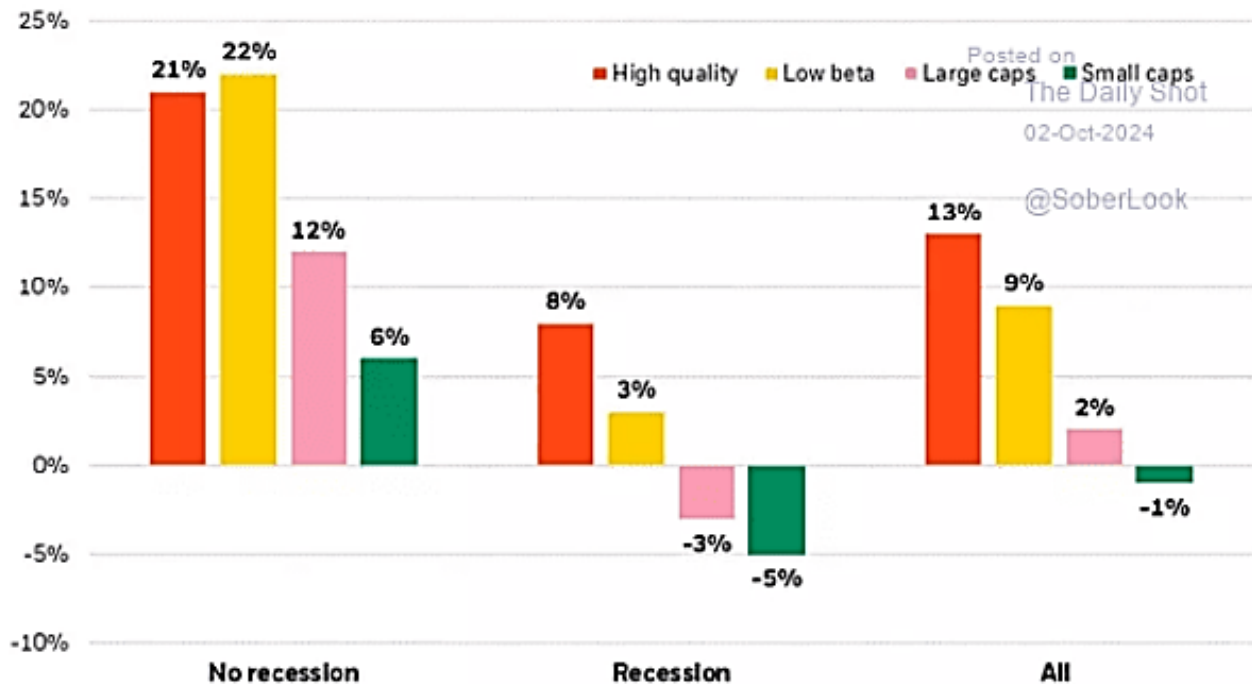
¹WTI = West Texas Intermediate Oil. ²bbl = Barrel. ³Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

Last Week:

U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) rose +0.2% as Friday's September payrolls of 245k beat analysts' expectations for 150k as the unemployment rate ticked down to 4.1% and supported the economic soft landing narrative. Despite healthy economic data, futures markets continue to expect the Federal Reserve (Fed) to cut interest rates by 1.50% by July 2025, but do not expect the Fed to cut rates by 0.50% at their November meeting. Bank of Japan, Bank of England, and Chinese officials all provided dovish updates. The latest tensions in the Middle East provided the biggest overhang as Israel launched air strikes on Beirut after Iran's missile attack on Tuesday. The 10-year Treasury yield rose to 3.97% from a 3.76% level. Gold fell modestly this week and WTI crude rallied +9.2%, partially due to increased tensions in the Middle East.
- S&P 500 Index Sector Returns:
 - Energy (+7.0%) rose, as the price of WTI rallied +9.2% on increased tensions in the Middle East.
 - Communication services (+2.2%) rose, led by internet search, social media, and streaming stocks.
 - Utilities (+1.1%) rose, despite a rise in interest rates.
 - Financials (+1.0%) rose, with strength from credit card stocks.
 - Industrials (0.4%) rose, led by machinery stocks and truck manufacturers.
 - Technology (+0.1%) rose, with strength from semiconductors.
 - Consumer discretionary (-1.2%) fell, led lower by autos, apparel, and home builders.
 - Healthcare (-0.9%) and consumer staples (-1.6%) underperformed, as investors appeared to favor less-defensive sectors.
 - Real estate (-1.9%) fell, as interest rates rose.
 - Materials (-2.0%) fell, led lower by chemical companies.

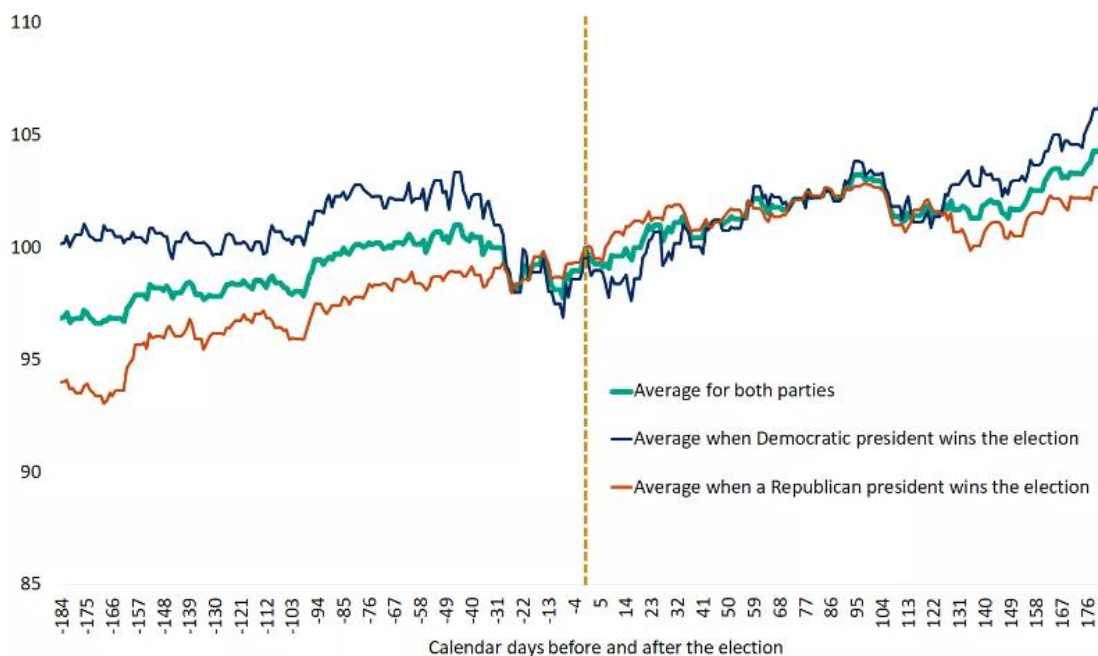
- Historically, high-quality, low-beta, and large-cap stocks typically outperform small caps one year after the first rate cut with or without a recession.



Sources: Blackrock; The Daily Shot.

- Historically, equity markets tend to move higher after the U.S. presidential election is completed, regardless of which party wins the election.

Markets tend to move higher following the U.S. Presidential election, regardless of which party is in office
(Indexed to 100 on election day, 1964 - 2020)



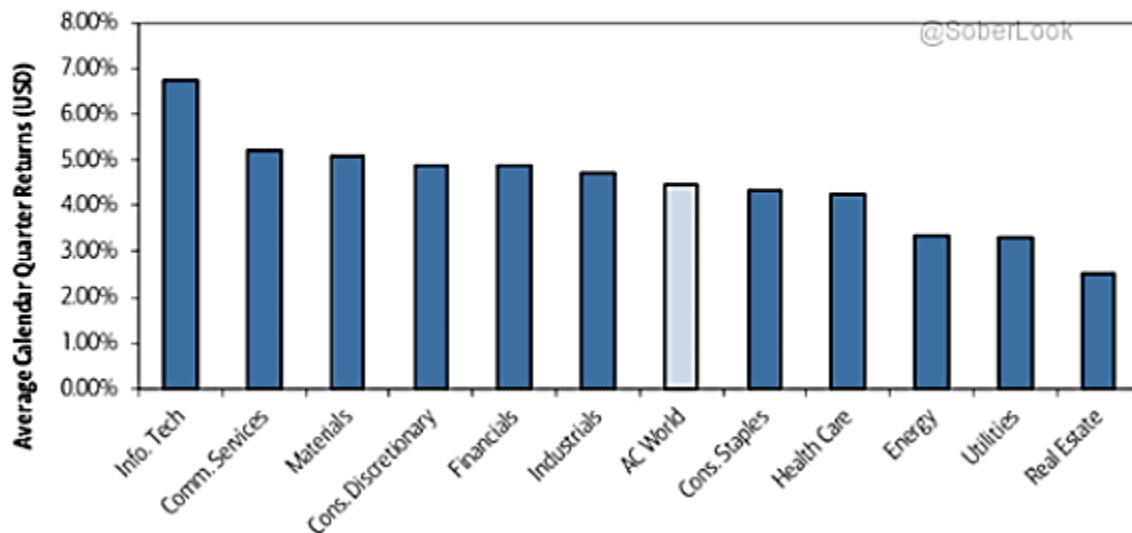
Sources: FactSet; Edward Jones.

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 6-7.

- Historically, the technology sector generates the highest returns on average in the fourth quarter.

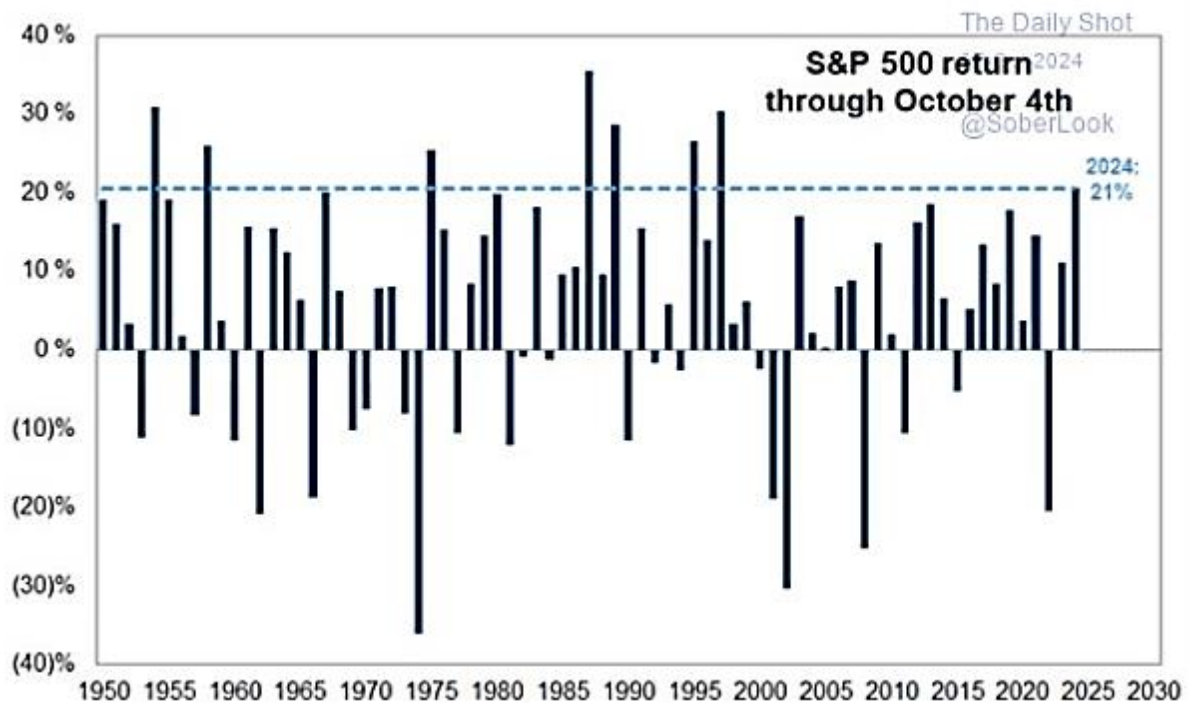
Chart 18: Seasonality of Sector Performance (USD) - 4th Quarter

Info. Tech performed the best, on average during 4th Quarter



AC World: All-Country World. Sources: Bank of America; The Daily Shot.

- Thus far in 2024, the S&P 500 Index is generating the highest return since 1997.



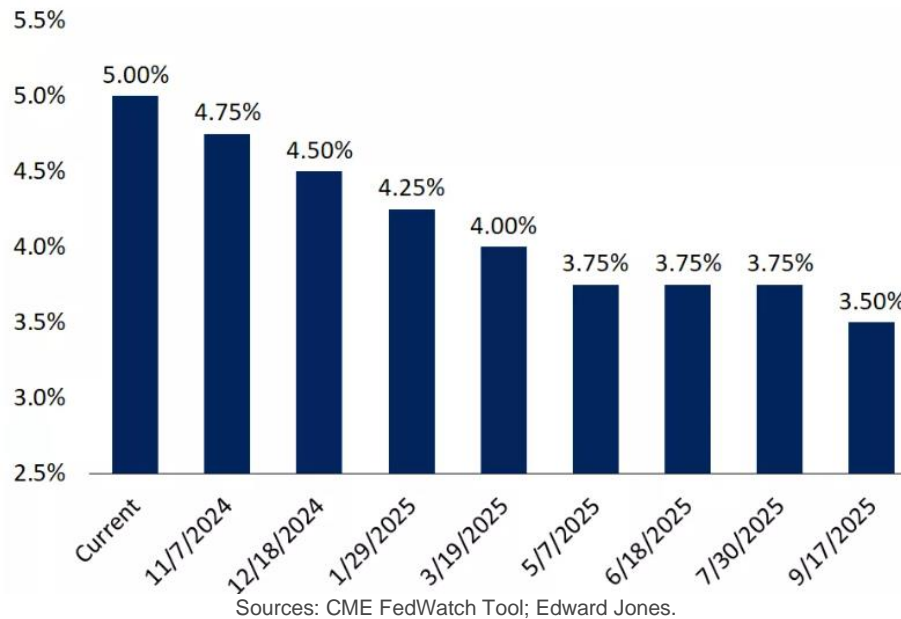
Sources: Goldman Sachs; The Daily Shot.

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Fixed Income Markets

- The fed funds futures market expects the fed funds rate to reach 3.50% by mid-September of 2025.

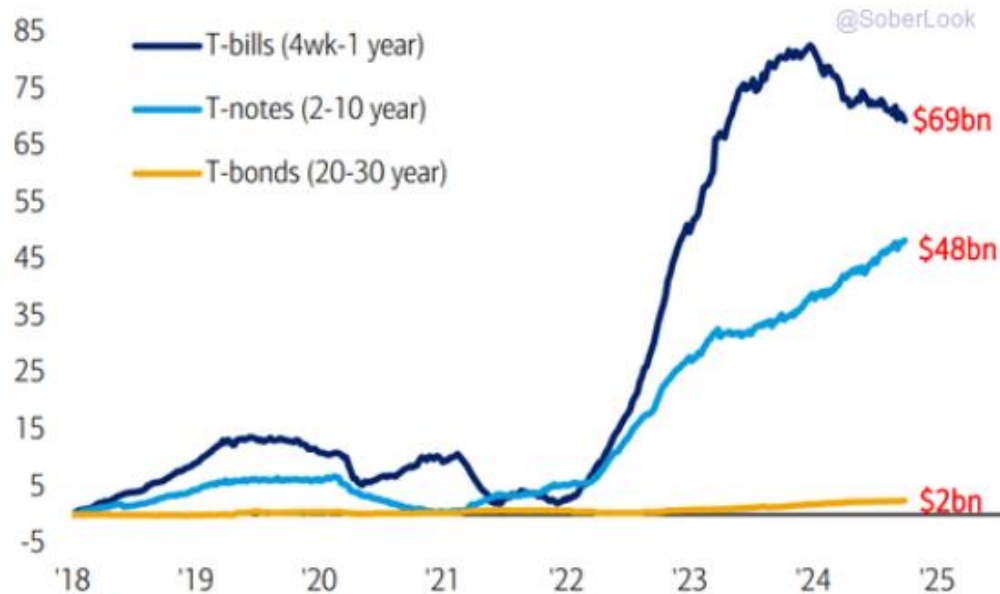
Markets now pricing-in two more 0.25% cuts this year



- Bank of America clients continue to add capital to Treasury notes but are reducing exposure to Treasury bills.

Chart 17: BofA private clients continue to add to T-notes

BofA private client cumulative inflow to Treasuries since '18



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U.S. Economic and Political News

- Institute for Supply Management (ISM) Manufacturing came in slightly below analysts' expectations, including another decline in the employment index, though the prices index fell into contraction territory and the production index increased.
- ISM Services also beat analysts' expectations, rising to the highest level since February 2023, though the employment component fell into contraction territory and the prices index rose.

International Markets and News

- European markets (STOXX 600 Index) fell -1.8% as Eurozone Purchasing Managers' Index (PMI) data implied slower economic growth and inflation falling below the European Central Bank's 2.0% target.
- The Chinese stock market (Shanghai Composite) rallied +8.1% as optimism about the Chinese government stimulus plans offset disappointing economic data.
- Japanese equities (Nikkei 225 Index) fell -3.0% as investors digested Shigeru Ishiba winning the Liberal Democratic Party's presidency in a closely contested leadership election on the previous Friday (09.27.2024), making Ishiba Japan's new prime minister. Ishiba's views are considered slightly hawkish, causing the Yen to strengthen and the Japanese stock market to decline at the beginning of last week.

This Week:

- The volume of corporate earnings reports will be moderate this week.
- Economic data:
 - Monday: Consumer Credit;
 - Tuesday: National Federation of Independent Business (NFIB) Small Business Index, Trade Balance, Redbook Chain Store, American Petroleum Institute (API) Crude Inventories;
 - Wednesday: Mortgage Bankers Association (MBA) Mortgage Purchase Applications, Wholesale Inventories, Federal Open Market Committee (FOMC) Minutes, Department Of Energy (DOE) Crude Inventories;
 - Thursday: Consumer Price Index (CPI), Weekly Jobless Claims, Hourly Earnings/Workweek, Treasury Budget, Energy Information Administration (EIA) Natural Gas Inventories, N.Y. Fed President Speaking Event;
 - Friday: Producer Price Index (PPI), Michigan Consumer Sentiment (Preliminary).

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

Whitney Stewart, CFA®
Executive Director

Griffith Jones, Jr.
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 depository 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: **Beta** measures how much an investment's returns change in response to market changes. It's a statistical coefficient that's calculated by regressing a security's returns against a benchmark market index. **The CME FedWatch Tool** is an online tool from the CME Group that estimates the likelihood of the Federal Open Market Committee (FOMC) changing the federal funds rate at upcoming meetings. The tool uses 30-Day Fed Fund futures pricing data to calculate probabilities and visualize potential outcomes. **The Consumer Price Index (CPI)** measures the monthly change in prices paid by U.S. consumers. The Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending. **The eurozone**, officially known as the euro area, 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 federal funds rate** is the interest rate at which depository institutions (mainly banks) lend reserve balances to other depository institutions overnight on an uncollateralized basis. In simpler terms, it's the rate banks charge each other for short-term loans to meet their reserve requirements. **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. **The ISM Manufacturing Index**, also known as the Purchasing Managers' Index (PMI), is a monthly survey that measures the level of economic activity in the US manufacturing sector. The Institute for Supply Management (ISM), a not-for-profit organization, conducts the survey and publishes the index at the beginning of each month. **The ISM Non-Manufacturing Index** is an index that measures the economic condition and performance of service-based companies. It is now called the Services Purchasing Managers' Index (PMI). The index is based on surveys sent to purchasing and supply companies of more than 400 services firms. It is part of the Institute of Supply Management's ISM Report On Business—Manufacturing and Services. As a barometer of the overall economy, the index shows trends in the service sector. It is compiled by the ISM. **The Michigan Consumer Sentiment Index (MCSI)** is a monthly survey of consumer confidence levels in the United States conducted by the University of Michigan. The survey is based on telephone interviews that gather information on consumer expectations for the economy. **The National Federation of Independent Business (NFIB) Small Business Optimism Index** is a monthly report that measures the health of small businesses in the United States. It's based on surveys of NFIB members, which are mostly small and medium-sized enterprises (SMEs). **The Producer Price Index (PPI)** measures the average change over time in the prices domestic producers receive for their

output. It is a measure of inflation at the wholesale level that is compiled from thousands of indexes measuring producer prices by industry and product category. The index is published monthly by the U.S. Bureau of Labor Statistics (BLS). **The Purchasing Managers' Index (PMI)** is an indicator of the prevailing direction of economic trends in the manufacturing and service sectors. The indicator is compiled and released monthly by the Institute for Supply Management (ISM), a nonprofit supply management organization. (Technical definitions are sourced from Corporate Finance Institute.)

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