

# Weekly Market Recap

September 30, 2024

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500 <sup>®</sup> Index	5,738	0.6%	20.3%
Dow Jones Industrial Average	42,313	0.6%	12.3%
NASDAQ	18,120	1.0%	20.7%
Russell 2000 <sup>®</sup> Index	2,228	-0.1%	9.9%
MSCI EAFE Index	2,480	2.5%	10.9%
Ten-Year Treasury Yield	3.76%	0.0%	-0.1%
Oil WTI <sup>1</sup> (\$/bbl <sup>2</sup> )	\$68.54	-3.5%	-4.3%
Bonds <sup>3</sup>	\$101.50	0.0%	4.4%

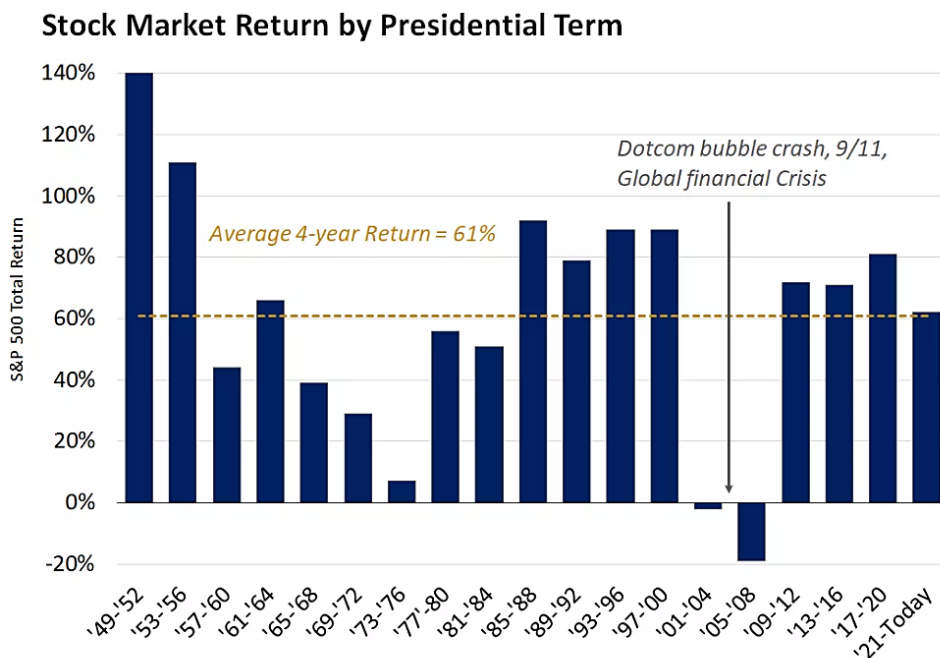
<sup>1</sup>WTI = West Texas Intermediate Oil. <sup>2</sup>bbl = Barrel. <sup>3</sup>Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

## Last Week:

### U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) rose +0.6% as August core personal consumption expenditures (PCE) rose only +0.1% (up +2.7% year-over-year), which was below the +0.2% that analysts expected. This further supports the expected plan of the Federal Reserve (Fed) to cut interest rates over the next two years. August personal income and consumption were both higher but decelerated from July's pace. Preliminary August durable goods data was ahead of analyst expectations. Chinese equities rallied as the Chinese government provided a robust stimulus package with the goal of boosting the local economy, which included interest rate cuts and increased expectations for monetary stimulus. The 10-year Treasury yield rose to 3.76% from a 3.74% level. Gold rose +0.8% and WTI crude fell -3.5%.
- S&P 500 Index Sector Returns:
  - Materials (+3.4%) rose, led by industrial metals stocks and chemical companies.
  - Consumer discretionary (+1.8%) rose, led by hotels and retailers.
  - Industrials (+1.6%) rose, led by machinery stocks.
  - Technology (+1.1%) rose, with strength from semiconductors.
  - Utilities (+1.0%) rose.
  - Communication services (+1.0%) rose, led by traditional media stocks.
  - Real estate (-0.2%) fell, as interest rates rose modestly.
  - Financials (-0.5%) underperformed, with weakness from the banks.
  - Energy (-0.8%) fell, as the price of WTI fell -3.5%.
  - Consumer staples (+0.1%) and healthcare (-1.1%) underperformed, as investors appeared to favor less-defensive sectors.

- Historically, the S&P 500 Index has generated attractive returns regardless of which political party held the U.S. presidential office.



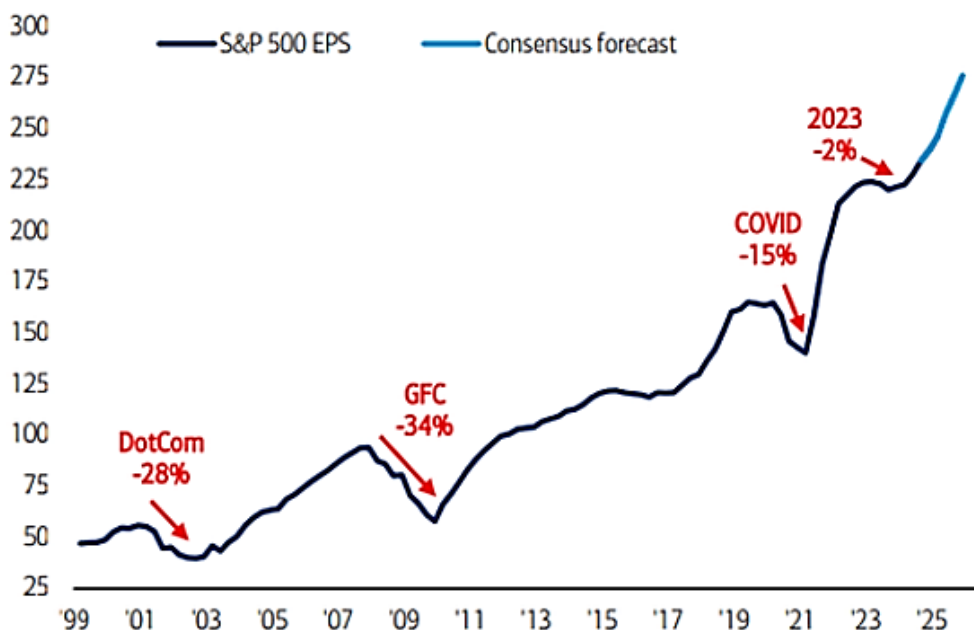
Sources: Bloomberg L.P.; Edward Jones.

- Analysts are expecting the S&P 500 Index to generate earnings growth of 18% in 2025.

### Chart 7: Consensus projecting 18% SPX EPS growth by YE-2025<sup>124</sup>

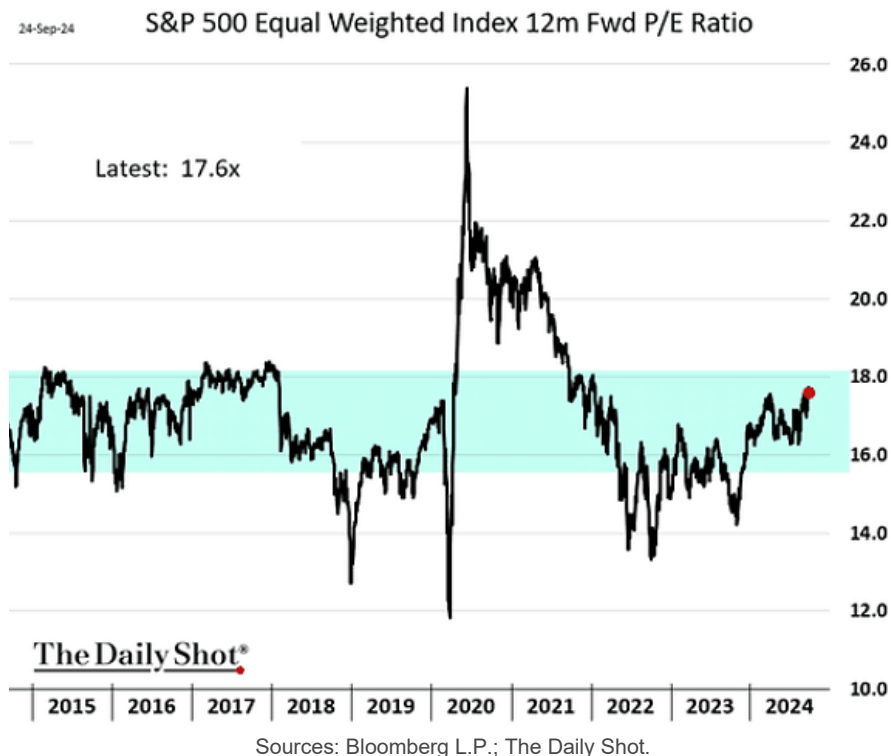
S&P 500 EPS (12m trailing & consensus forecast)

@SoberLook



SPX EPS: S&P 500 earnings per share. GFC: Global Financial Crisis. Sources: Bank of America; Bloomberg L.P.; Edward Jones.

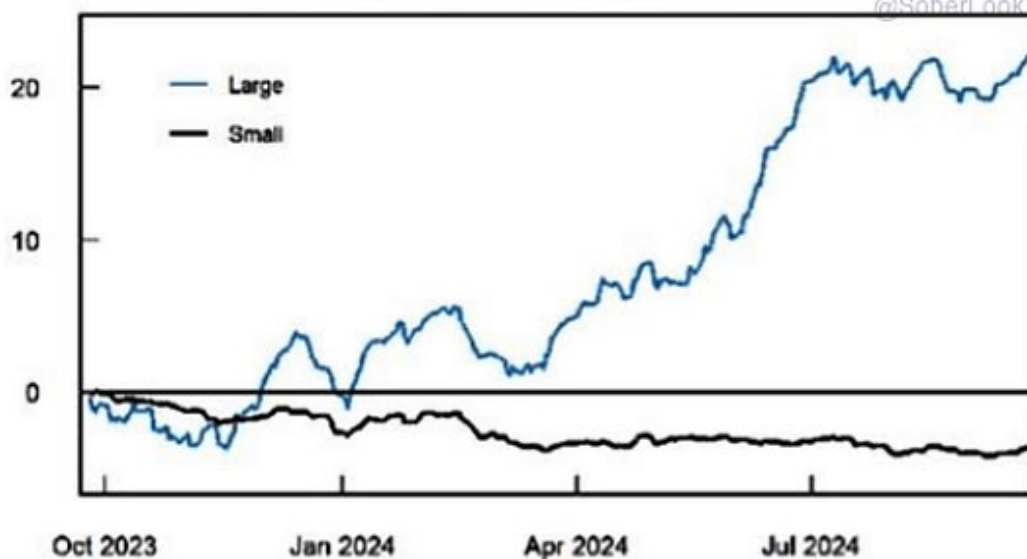
- The price-to-earnings (P/E) ratio of the S&P 500® Equal Weight Index remains in range of the 10-year average.



- Retail investors continue to favor large caps over small caps.

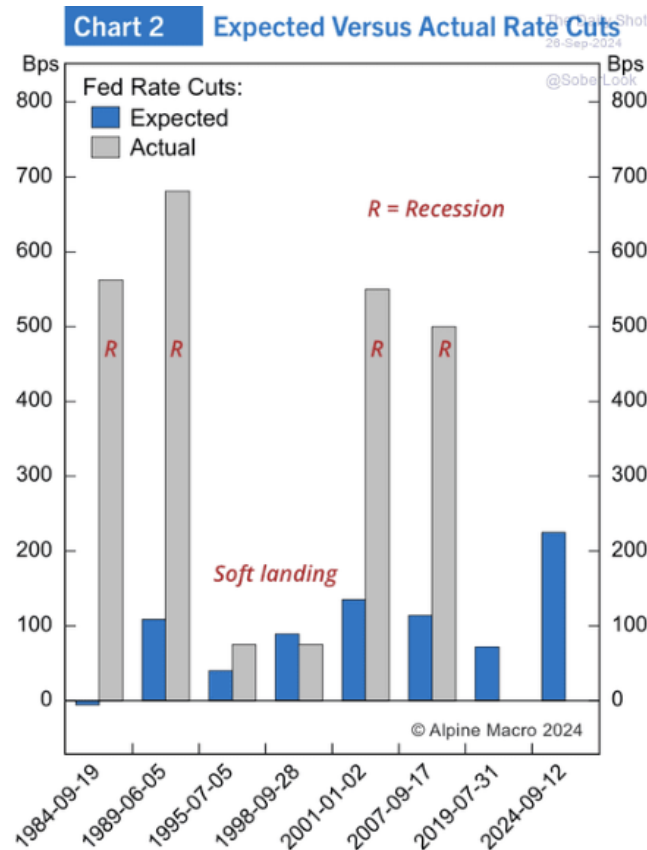
**Figure 2: Retail Continues to have a significant size bias in favor of Large over SMid-Cap**

Retail cumulative imbalance - Large Cap vs. SMid Cap (\$B)



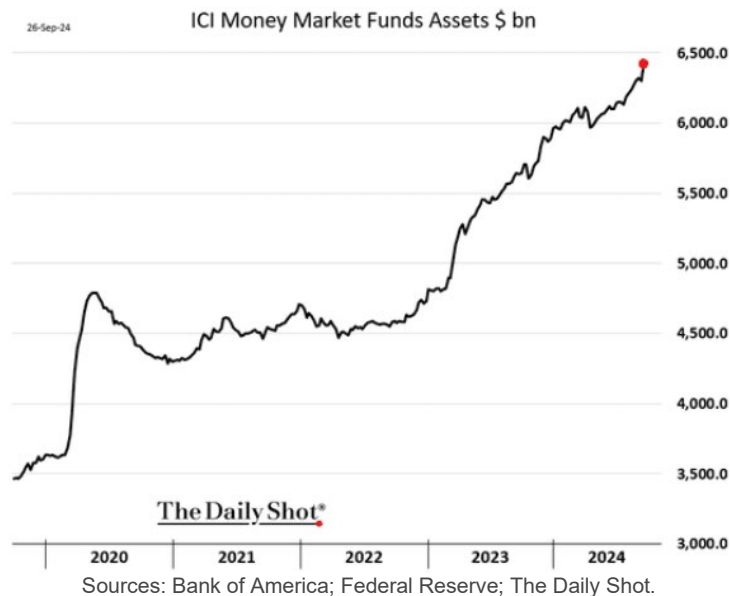
## Fixed Income Markets

- Historically, the fed funds futures market expects too few rate cuts (blue bars) compared to the actual rate cuts (gray bars).



Bps: basis points. Sources: FactSet; September Federal Open Market Committee projections; Edward Jones.

- Money market fund flows have reached an all-time high as we believe investors have been attracted to the higher interest rates.



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 pages 6-7.

## U.S. Economic and Political News

- August new home sales declined less than the expected month-over-month, while August pending home sales rose by less than analysts expected.
- The September Consumer Confidence Index came in below analyst estimates with labor market differential deteriorating as more respondents say jobs are harder to get.

## International Markets and News

- European markets (STOXX 600 Index) rose +2.7% as business activity in the Eurozone unexpectedly shrank in September, which increased hopes for more interest rate cuts from the European Central Bank.
- The Chinese stock market (Shanghai Composite) rallied +12.8% as the People's Bank of China cut its reserve requirement ratio by 0.50%, lowered its key short-term policy rate by 0.20%, cut its medium-term lending facility rate by 0.30%, and instituted other accommodative policies designed to shore up the local economy.
- Japanese equities (Nikkei 225 Index) rose +5.6% as the latest commentary from the Bank of Japan was perceived as accommodative and sentiment improved from China's stimulus plan announcements.

## This Week:

- The volume of corporate earnings reports will be moderate this week.
- Economic data:
  - Monday: Chicago Purchasing Managers' Index (PMI), Dallas Fed Index;
  - Tuesday: PMI Manufacturing Final, Construction Spending, Institute for Supply Management (ISM) Manufacturing Index, Job Openings and Labor Turnover Survey (JOLTS), American Petroleum Institute (API) Crude Inventories, Redbook Chain Store;
  - Wednesday: Mortgage Bankers Association (MBA) Mortgage Purchase Applications, Automatic Data Processing (ADP) Employment Report, Department of Energy (DOE) Crude Inventories, Cushing O.K. Crude Inventory;
  - Thursday: Challenger Job Cuts, Initial Jobless Claims, Continuing Claims, PMI Services Final, Factory Orders, ISM Non-Manufacturing Index, Energy Information Administration (EIA) Natural Gas Inventories, Durable Orders;
  - Friday: Nonfarm Payrolls, Unemployment Rate, Average Weekly Hours, Average Hourly Earnings, Manufacturing Payrolls, Participation Rate, Baker Hughes U.S. Rotary Gas/Oil Rigs and U.S. Rig Count.

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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**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 S&P 500® Equal Weight Index (EWI)** is the equal-weight version of the widely-used S&P 500®. The index includes the same constituents as the capitalization-weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

**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 Baker Hughes North American Rotary Rig Count** is a weekly census of the number of drilling rigs actively exploring for or developing oil or natural gas in the United States and Canada. **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. **The Dallas Fed Manufacturing Index** measures the performance of manufacturing sector in the state of Texas. The index is derived from a survey of around 100 business executives and tracks variables such as output, employment, orders and prices. **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 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. **Fed funds futures** are financial futures contracts based on the federal funds rate and traded on the Chicago Mercantile Exchange (CME) operated by CME Group Inc. (CME). **The job openings and labor turnover survey (JOLTS)** is a monthly report by the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor counting job vacancies and separations, including the number of workers voluntarily quitting employment. **The ISM Manufacturing Index**, also known as the ISM Manufacturing Purchasing Managers Index (PMI), is a monthly economic indicator that measures the level of activity in the US manufacturing sector. It's calculated by the Institute for Supply Management (ISM) based on a survey of purchasing managers at more than 300 manufacturing companies across the country. **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 Manufacturing Purchasing Managers' Index (PMI)** is a survey-based economic indicator that provides insights into the manufacturing sector's business conditions. It's a weighted average of five survey questions, including: New orders, Output, Employment, Suppliers' delivery times, and Inventories of goods purchased. **A money market fund** is a kind of mutual fund that invests in highly liquid, near-term instruments. These instruments include cash, cash equivalent securities, and high-credit-rating, debt-based securities with a short-term maturity (such as U.S. Treasuries). **Nonfarm payrolls** is a monthly statistic that measures the number of people employed in the United States in the private sector and government agencies. It excludes people who work on farms, in private households, or for non-profits, as well as those who are actively serving in the military. **Personal consumption expenditures (PCE)** is a key measure of consumer spending on goods and services in the United States economy. It's used to understand how much of a household's income is spent on current consumption, and how much is saved for future consumption. PCE is also used to track how consumers change their buying habits in response to price changes. **The price-to-earnings (P/E) ratio** measures a company's share price relative to its earnings per share (EPS). Often called the price or earnings multiple, the P/E ratio helps assess the relative value of a company's stock. (Technical definitions are sourced from Corporate Finance Institute.)

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