



WEEK OF SEPTEMBER 16, 2024

Market Update

Nvidia posted a strong recovery as CEO Jensen Huang continued to highlight strong demand for the firm's AI chips. With near-term Federal Reserve (Fed) policy remaining in question, short-term bond expectations remained volatile. Consumer and producer inflation continued to move lower.

Quick Hits

- 1. Report releases:** Consumer and producer inflation fell in August, clearing the way for a possible interest rate cut.
- 2. Financial market data:** Nvidia led a sharp recovery by technology stocks as it continued to see strong demand for its AI chips.
- 3. Looking ahead:** All eyes will be on the Fed this week as it considers starting its rate-cutting cycle.



Report Releases: September 9–13, 2024

Consumer Price Index (CPI): August (Wednesday)

Consumer inflation fell to a three-year low as year-over-year headline inflation dropped to 2.5 percent. Falling energy and core goods prices helped drive the improvement.

- Prior monthly CPI/core CPI growth: +0.2%/+0.2%
- Expected monthly CPI/core CPI growth: +0.2%/+0.2%
- Actual monthly CPI/core CPI growth: +0.2%/+0.3%
- Prior year-over-year CPI/core CPI growth: +2.9%/+3.2%
- Expected year-over-year CPI/core CPI growth: +2.5%/+3.2%
- Actual year-over-year CPI/core CPI growth: +2.5%/+3.2%



Producer Price Index (PPI): August (Thursday)

Producer inflation also showed signs of improvement, with headline producer price growth falling to 1.7 percent on a year-over-year basis.

- Prior monthly PPI/core PPI growth: +0.0%/–0.2%
- Expected monthly PPI/core PPI growth: +0.1%/+0.2%
- Actual monthly PPI/core PPI growth: +0.2%/+0.3%
- Prior year-over-year PPI/core PPI growth: +2.1%/+2.3%
- Expected year-over-year PPI/core PPI growth: +1.7%/+2.4%
- Actual year-over-year PPI/core PPI growth: +1.7%/+2.4%



Preliminary University of Michigan Consumer Sentiment Index: September (Friday)

Consumer sentiment rose slightly more than expected in September. Consumer views on current conditions and future expectations improved to start the month.

- Expected/prior month consumer sentiment index: 68.5/67.9
- Actual consumer sentiment index: 69.0



>> The Takeaway

- Consumer and producer inflation continued to move lower in August, though core inflation was slightly higher than expected.
- Consumer sentiment slightly exceeded expectations for September.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	4.06%	-0.33%	19.13%	27.80%
Nasdaq Composite	5.98%	-0.12%	18.43%	29.00%
DJIA	2.62%	-0.35%	11.35%	22.07%
MSCI EAFE	1.21%	-1.65%	10.11%	19.01%
MSCI Emerging Markets	0.79%	-1.47%	7.94%	13.94%
Russell 2000	4.39%	-1.52%	8.71%	20.35%

Source: Bloomberg, as of September 13, 2024

Equities reversed their move lower from the previous week. Nvidia, Amazon, and Microsoft each rose more than 7 percent. Sentiment around artificial intelligence recovered as Nvidia CEO Jensen Huang continued to highlight strong demand for the firm's AI chips.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	1.81%	4.93%	10.00%
U.S. Treasury	1.79%	4.44%	8.67%
U.S. Mortgages	1.84%	5.18%	10.11%
Municipal Bond	0.68%	1.99%	7.08%

Source: Bloomberg, as of September 13, 2024

Treasuries moved modestly lower across the curve as inflation levels continued to fall. The 2-year continued its recent move lower, declining another 7 basis points (bps) to close the week at 3.58 percent. The 10-year was a bit more muted, dipping 6 bps to 3.65 percent.

>> The Takeaway

- Equities recovered sharply after last week's sell-off amid a softer-than-expected payrolls report.
- Bonds, particularly on the short end of the curve, remained volatile with short-term Fed policy expectations remaining mixed.

Looking Ahead

The major news this week will be September's Federal Open Market Committee (FOMC) meeting. Other important items include the release of critical data points in retail sales, industrial production, and existing home sales.

- The week kicks off Tuesday with the release of **retail sales** and **industrial production data** for August. Retail sales are expected to fall 0.2 percent after easily exceeding economist estimates in July with a 1 percent increase. Industrial production is expected to be modestly higher after a weather-related decline in July.
- All eyes will be on the Fed on Wednesday. The central bank is widely expected to start a rate-cutting cycle by lowering the federal funds rate after its September meeting. Investors and economists will monitor **Fed Chair Jerome Powell's post-meeting news conference** for hints on the path of monetary policy.
- Finally, the week wraps Thursday with **existing home sales** for August. The pace of existing home sales is expected to fall after a modest increase in July.





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companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent.

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