



WEEK OF SEPTEMBER 23, 2024

Market Update

Equities continued to move higher. The Federal Open Market Committee (FOMC) cut the federal funds rate 50 basis points (bps). Economic data was mixed; retail sales and industrial production surprised to the upside, whereas existing home sales disappointed.

Quick Hits

- 1. Report releases:** Retail sales and industrial production grew more than expected in August.
- 2. Financial market data:** Equities, paced by mega-cap names, continued to rise.
- 3. Looking ahead:** This week, we expect data on consumer confidence, durable goods, and personal income and spending.



Report Releases: September 16–20, 2024

Retail Sales August (Tuesday)

Retail sales beat analyst estimates, with headline sales rising 0.1 percent against calls for a modest decline. This marks two consecutive months with stronger-than-expected consumer spending growth.

- Expected/prior month retail sales monthly change: $-0.2\%/+1.1\%$
- Actual retail sales monthly change: $+0.1\%$



Industrial Production August (Tuesday)

Industrial production rebounded after experiencing a weather-driven production decline in July. Manufacturing output rose notably, helping drive better-than-expected industrial production growth.

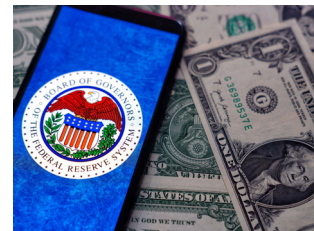
- Expected/prior month production change: $+0.2\%/-0.9\%$
- Actual production change: $+0.8\%$



FOMC Rate Decision September (Wednesday)

The Federal Reserve (Fed) surprised many economists by cutting the range for the federal funds rate 50 bps after September's FOMC meeting. Although many economists had expected a reduction of 25 bps, fixed income markets had largely priced in the possibility of a larger cut. Markets rallied immediately after the announcement.

- Expected/prior federal funds rate upper limit: $5.25\%/5.50\%$
- Actual federal funds rate upper limit: 5.00%



Existing Home Sales August (Thursday)

The pace of existing home sales fell more than expected, dropping the pace to a 10-month low.

- Expected/prior month existing home sales change: $-1.3\%/+1.5\%$
- Actual existing home sales change: -2.5%



>> The Takeaway

- The Fed started its rate-cutting cycle with a 50 bps reduction on Wednesday.
- August retail sales and industrial production were better than expected.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	1.39%	1.05%	20.78%	31.45%
Nasdaq Composite	1.51%	1.39%	20.21%	34.27%
DJIA	1.67%	1.31%	13.21%	24.57%
MSCI EAFE	0.43%	-1.23%	10.58%	18.01%
MSCI Emerging Markets	2.26%	0.75%	10.37%	16.90%
Russell 2000	2.10%	0.54%	11.00%	24.91%

Source: Bloomberg, as of September 20, 2024

Equities continued their rally after the Fed announced its rate cut. Mega-cap names lifted the market, with Apple, Meta Platforms, Amazon, and Alphabet each rising more than 2.5 percent. Nvidia fell 2.6 percent after a strong rally the previous week. FedEx also struggled, tumbling more than 11 percent after cutting full-year earnings guidance as demand moved toward less profitable deliveries.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	1.59%	4.70%	10.43%
U.S. Treasury	1.46%	4.10%	8.97%
U.S. Mortgages	1.50%	4.82%	10.73%
Municipal Bond	0.86%	2.16%	7.57%

Source: Bloomberg, as of September 20, 2024

The most impactful news was the 50 bps cut from the Fed, leaving the federal funds target range at 4.75 percent–5 percent. The Treasury yield curve beyond the 2-year saw modest steepening. The 10-year is now 15 bps above the 2-year as the yield curve begins to normalize after being inverted since July 2022. The 10-year closed the week at 3.73 percent. The 2-year and 30-year closed at 3.57 percent and 4.07 percent, respectively.

>> The Takeaway

- Equities, paced by several mega-cap companies, continued their move higher.
- The FOMC cut the federal funds rate 50 bps

Looking Ahead

This week's data will focus on consumer confidence, durable goods, and personal income and spending.

- The week kicks off on Monday with the preliminary release of S&P Global US Composite PMI, which is expected to decline slightly from 54.6 in August, led by a decline in the service sector.
- On Tuesday, we expect the release of the Conference Board Consumer Confidence Index for September. Consumer confidence is expected to remain unchanged after improving more than expected in August.
- Preliminary durable goods orders for August is expected on Thursday. Headline durable goods orders are set to fall after surging in September. The less volatile core goods orders measure is expected to show continued modest improvement.
- The week wraps on Friday with personal income and spending for August. Personal income and spending are set to rise. Although spending growth is expected to slow compared with July, this would still mark an impressive 17 consecutive months with personal spending growth.





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