



Tallahassee, Florida

WEEK OF OCTOBER 21, 2024

Market Update

The pace of new home construction slowed in September. Bonds were relatively unchanged.

Quick Hits

- 1. Report releases:** Year-over-year consumer inflation fell to a three-year low in September.
- 2. Financial market data:** Bonds remained relatively unchanged ahead of earnings and the U.S. election.
- 3. Looking ahead:** This week's data will focus on existing home sales, durable goods, and more.



Report Releases: October 14–18, 2024

Retail Sales

September (Thursday)

Retail sales exceeded analyst estimates in September.

- Expected/prior month retail sales monthly change: +0.3%/+0.1%
- Actual retail sales monthly change: +0.4%



Industrial Production

September (Thursday)

Industrial production fell more than expected, in part because of a decrease in manufacturing output during the month.

- Expected/prior month production change: -0.2%/+0.3%
- Actual production change: -0.3%



National Association of Home Builders Market Sentiment

October (Thursday)

Home builder sentiment improved modestly in October.

- Expected/prior month sentiment: 42/41
- Actual sentiment: 43



Housing Starts and Building Permits

September (Friday)

Housing starts and building permits missed economist estimates in September.

- Expected/prior month housing starts monthly change: -0.4%/+7.8%
- Actual housing starts monthly change: -0.5%
- Expected/prior month building permits monthly change: -0.7%/+4.6%
- Actual building permits monthly change: -2.9%



>> The Takeaway

- Retail sales were better than expected in September.
- Housing data was mixed; home builder sentiment beat expectations, but housing starts and building permits slowed more than anticipated.

Financial Market Data

Equity

| Index | Week-to-Date | Month-to-Date | Year-to-Date | 12-Month |
|-----------------------|--------------|---------------|--------------|----------|
| S&P 500 | 0.87% | 1.83% | 24.31% | 37.89% |
| Nasdaq Composite | 0.80% | 1.67% | 23.87% | 39.98% |
| DJIA | 0.98% | 2.30% | 16.55% | 31.12% |
| MSCI EAFE | -0.37% | -2.36% | 10.87% | 24.21% |
| MSCI Emerging Markets | -0.37% | -1.31% | 15.61% | 25.99% |
| Russell 2000 | 1.87% | 2.10% | 13.50% | 33.57% |

Source: Bloomberg, as of October 18, 2024

U.S. equities rose as earnings from Apple and Nvidia continued to pull the market higher. Semiconductors were mixed. ASML showed signs of slowing on softening non-AI trends. Taiwan Semiconductor, on the other hand, continued to be lifted by production of AI chips as the mix continues to shift. Utilities, real estate, and financials were the top performing stocks. Bank of America beat on net interest income. Energy, health care, and communication services were among the lagging sectors.

Fixed Income

| Index | Month-to-Date | Year-to-Date | 12-Month |
|-------------------|---------------|--------------|----------|
| U.S. Broad Market | -1.67% | 2.98% | 12.08% |
| U.S. Treasury | -1.82% | 2.28% | 9.64% |
| U.S. Mortgages | -1.86% | 2.93% | 13.62% |
| Municipal Bond | -0.25% | 1.95% | 10.53% |

Source: Bloomberg, as of October 18, 2024

Bonds were little changed. The 10-year Treasury yield rose just 1 basis point to 4.08 percent. The 30-year also stayed flat, at 4.38 percent. Investors are waiting on the results from earnings season and the U.S. election to determine the direction of fiscal policy and its potential impact on the Treasury market.

>> The Takeaway

- In the second week of earnings season, the so-called “Magnificent Seven” and financials helped lift equities higher.
- Yields were relatively unchanged ahead of earnings and the U.S. election.

Looking Ahead

This week's data will focus on existing home sales, the Federal Reserve's (Fed's) Beige Book, Purchasing Manager Indices (PMIs), and durable goods.

- On Wednesday, we expect the release of **existing home sales** for September and the Fed's Beige Book. The pace of existing home sales is expected to rise after declining in August.
- S&P Global will release its October Flash PMIs for the **service and manufacturing sectors** on Thursday. The manufacturing sector has remained in contractionary territory.
- Finally, on Friday, **durable goods orders** will be unveiled. Headline durable goods orders are set to fall in September.





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Mike Graziano, CMT®, CRPC®, CFP®, Chief Investment Officer

Graziano Budny Wealth Management Group, LLC

6143 S Willow Drive | Suite 310 | Greenwood Village, CO 80111

720.583.6363 | 720.458.0773 fax | www.grazianobudny.com | mgraziano@grazianobudny.com

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measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large 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.

Authored by the Investment Research team at Commonwealth Financial Network®

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