

WEEK OF OCTOBER 28, 2024

# Market Update

The pace of existing home sales fell more than expected in September. Tesla soared on better-than-expected profitability from regulatory credits. Despite the recent Federal Reserve (Fed) rate cut, rates continued to climb across the curve.

## Quick Hits

- 1. Report releases:** The pace of existing home sales fell more than anticipated last month.
- 2. Financial market data:** Tesla soared on better-than-expected profitability from regulatory credits.
- 3. Looking ahead:** This week's data will focus on consumer confidence, economic growth, and employment.



## Report Releases: October 21–25, 2024

### Existing Home Sales September (Tuesday)

The pace of existing home sales fell more than expected as prospective homebuyers waited on the sideline.

- Expected/prior month existing home sales change: +0.5%/–2.0%
- Actual existing home sales change: –1.0%



### Fed's Beige Book September (Wednesday)

The Fed Beige Book was little changed across all districts since early September, with two districts reporting modest growth and most reporting declining manufacturing activity.



### S&P Service and Manufacturing Purchasing Manager Indices (PMIs) October (Thursday)

Service and manufacturing PMIs surprised to the upside in October, lifting the composite PMI to 54.3, above expectations of 53.8.

- Expected/prior month service PMI: 55.0/55.2
- Actual service PMI: 55.3
- Expected/prior month manufacturing PMI: 47.5/47.3
- Actual manufacturing PMI: 47.8



### Preliminary Durable Goods Orders September (Friday)

Headline durable goods orders fell less than expected and core durable goods orders increased more than anticipated.

- Expected/prior durable goods orders monthly change: –1.0%/–0.8%
- Actual durable goods orders change: –0.8%
- Expected/prior core durable goods orders monthly change: –0.1%/+0.6%
- Actual core durable goods orders change: +0.4%



## >> The Takeaway

- Existing home sales were weaker than expected; rates have risen in recent weeks.
- Durable goods orders were better than expected, particularly within core orders.

## Financial Market Data

### Equity

| Index                 | Week-to-Date | Month-to-Date | Year-to-Date | 12-Month |
|-----------------------|--------------|---------------|--------------|----------|
| S&P 500               | -0.96%       | 0.86%         | 23.12%       | 40.72%   |
| Nasdaq Composite      | 0.16%        | 1.83%         | 24.07%       | 45.59%   |
| DJIA                  | -2.66%       | -0.43%        | 13.45%       | 30.00%   |
| MSCI EAFE             | -1.98%       | -4.29%        | 8.68%        | 24.12%   |
| MSCI Emerging Markets | -1.75%       | -3.03%        | 13.59%       | 26.77%   |
| Russell 2000          | -2.99%       | -0.95%        | 10.11%       | 35.63%   |

Source: Bloomberg, as of October 25, 2024

U.S. equities were mixed. The S&P 500 snapped its six-week winning streak at six. The Nasdaq Composite, on the other hand, was lifted by consumer discretionary and technology firms. Tesla rose more than 22 percent after beating profit expectations on regulatory credit sales. In addition, CEO Elon Musk estimated 20 percent–30 percent vehicle growth in 2025, led by lower cost and autonomous vehicles. Struggling sectors included materials, health care, and industrials.

### Fixed Income

| Index             | Month-to-Date | Year-to-Date | 12-Month |
|-------------------|---------------|--------------|----------|
| U.S. Broad Market | -2.31%        | 2.03%        | 11.13%   |
| U.S. Treasury     | -2.28%        | 1.47%        | 8.83%    |
| U.S. Mortgages    | -2.62%        | 1.80%        | 12.54%   |
| Municipal Bond    | -1.33%        | 0.84%        | 9.82%    |

Source: Bloomberg, as of October 25, 2024

Bonds continued their recent climb higher, with the belly of the curve between 2- and 10-year maturities seeing the largest increases. The 5-year rose 17.4 bps to close at 4.05 percent. The 30-year fixed-rate mortgage closed at 6.9 percent, up 22 bps.

### >> The Takeaway

- Tesla and other technology firms lifted the Nasdaq slightly despite broader softening.
- Yields continued to climb and the 30-year fixed-rate mortgage rate rose to 6.9 percent.

## Looking Ahead

This week will be full of important data releases and earnings. On the economic side, consumer confidence, economic growth, and employment are on tap.

- On Tuesday, the **Conference Board Consumer Confidence Index** for October will be released. Consumer confidence is expected to increase modestly.
- The advance report of **third-quarter GDP** is expected on Wednesday. This first look at third-quarter GDP growth is set to show a 3 percent annualized increase.
- On Thursday, we expect **personal income and spending data** for September. Both are set to rise.
- Finally, on Friday, **the employment report** for October will be unveiled. Hiring is expected to slow notably, with 120,000 jobs expected after a hiring surge in September.





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