



Equities

Stocks traded flat as markets digested a much-anticipated earnings report from Nvidia. The second most valuable firm in the world again beat EPS expectations, but a more conservative outlook and production issues with their new Blackwell chip sent the stock down -7.73% last week. S&P 500 EPS growth trounced estimates in Q2, but full-year 2024 expectations remained unchanged as guidance was slightly less positive. The small-cap rally that was short-circuited by the volatility spike in early August has resumed, with the Russell 2000 outperforming the Nasdaq 100 by 433 bps over the last 10 days of the month.

Fixed income

A quarter-point cut or a half point cut? The question of how much the Fed will cut rates at the September 18 FOMC meeting continues to dominate markets, and this week expectations are still almost evenly split. Upbeat data did push the 10-year yield up 10 bps. Yield curve inversion as measured by the 2-year to 10-year spread has continued to narrow, and the spread ended the week at only -2 bps. This widely watched warning sign of possible recession has been inverted since July of 2022.

Commodities

Crude prices fell sharply on Friday as OPEC+ appeared to confirm they will allow supply increases to proceed as planned in October. This sent prices to the lower-end of the \$72-\$80/bbl range that has held since mid-July. Retail gasoline prices ended the week at \$3.35/gallon, the lowest since early March. Gold prices marched ever higher as the metal has unexpectedly moved more closely with stocks than bonds recently.

Economic overview

Data was roundly upbeat last week. Q2 GDP was revised higher to 3.0% q/q with household consumption now particularly stronger in the rearview mirror. Economic momentum continued into July, where personal income rose 0.3% m/m (Cons 0.2%) and real personal spending rose 0.4% m/m, also more than expected. Consumer confidence rose to 103.3 in July, also above consensus and the highest in six months. Initial jobless claims has turned into a high profile weekly release, and was little changed at 231,000 for the week ending August 24. The PCE deflator rose 0.2% m/m in July, and 0.2% m/m excluding food and energy, exactly as expected.

Equities (price index)		MTD	QTD	YTD	2023
S&P 500	5,648.40	2.28%	3.44%	18.42%	24.23%
DJIA	41,563.08	1.76%	6.25%	10.28%	13.70%
NASDAQ	17,713.63	0.65%	-0.11%	18.00%	43.42%
Russell 2000	2,217.63	-1.63%	8.30%	9.40%	15.09%
MSCI World	3,661.24	2.51%	4.26%	15.53%	21.77%
MSCI Europe	2,218.54	3.71%	5.87%	9.81%	16.68%
MSCI EAFE	2,453.44	3.02%	6.00%	9.72%	15.03%
MSCI Asia	186.46	1.55%	3.30%	10.08%	8.76%
MSCI EM	1,099.92	1.40%	1.26%	7.44%	7.04%
VIX	15.00	-1.36	2.56	2.55	-9.22

Fixed income (total return index)		MTD	QTD	YTD	2023
Barclays U.S. Agg	2,228.33	1.44%	3.81%	3.07%	5.53%
Inv. grade bonds	3,333.38	1.57%	3.99%	3.49%	8.52%
High yield bonds	2,635.81	1.63%	3.61%	6.28%	13.45%
Leveraged Loans	3,942.85	0.61%	1.35%	5.76%	13.32%

Alternatives (total return index)		MTD	QTD	YTD	2023
FTSE NAREIT	26,489.61	5.63%	13.21%	10.73%	11.36%
REIT Index					
GS Commodity Index	536.75	-2.66%	-7.20%	0.21%	-12.20%
Alerian MLP Index	2,242.96	0.39%	1.01%	18.90%	26.56%

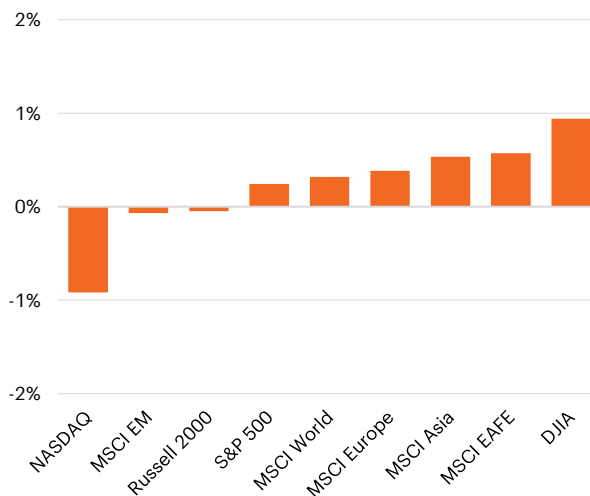
Commodities		MTD	QTD	YTD	2023
WTI Crude	\$73.55	-5.60%	-9.80%	2.65%	-10.73%
Brent Crude	\$78.80	-2.38%	-8.81%	2.28%	-10.32%
Natural Gas	\$2.13	4.47%	-18.22%	-15.39%	-43.82%
Gold	\$2,505	3.21%	7.05%	20.89%	13.45%

Currency		MTD	QTD	YTD	2023
Dollar Index (DXY)	101.70	-2.30%	-3.94%	0.36%	-2.11%
USDCNY	7.09	-1.87%	-2.42%	-0.12%	2.92%
Bitcoin	59,045	-8.54%	-1.78%	38.90%	157.01%

Spreads		MTD	QTD	YTD	2023
Inv. grade bonds	93 bps	0 bps	-1 bps	-6 bps	-31 bps
High yield bonds	305 bps	-9 bps	-4 bps	-18 bps	-146 bps
Leveraged loans	433 bps	3 bps	3 bps	-26 bps	-101 bps
Emerging markets	262 bps	-8 bps	0 bps	-35 bps	-42 bps

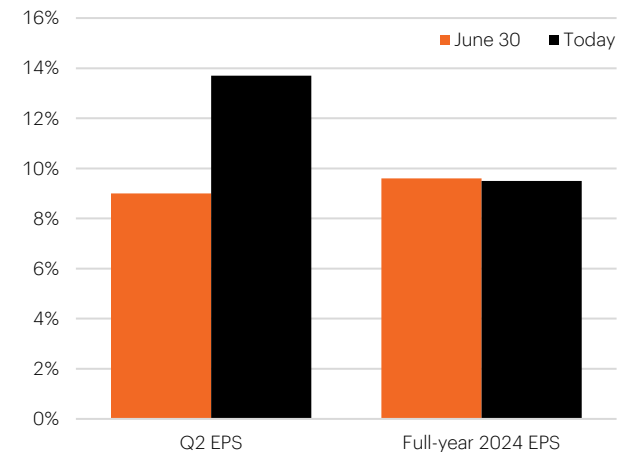
Interest rates		MTD	QTD	YTD	2023
Fed Funds Target	5.325%	5.325%	5.325%	5.325%	4.38%
SOFR	5.33%	-5 bps	0 bps	-5 bps	108 bps
3-month LIBOR*	5.28%	-23 bps	-31 bps	-32 bps	83 bps
2-year Treasury	3.92%	-34 bps	-84 bps	-33 bps	-18 bps
10-year Treasury	3.90%	-13 bps	-49 bps	2 bps	0 bps
30-year Treasury	4.20%	-11 bps	-36 bps	17 bps	7 bps
Barclays U.S. Agg	4.42%	-21 bps	-58 bps	-11 bps	-15 bps
Inv. grade bonds	4.94%	-20 bps	-54 bps	-12 bps	-36 bps
High yield bonds	7.30%	-29 bps	-61 bps	-29 bps	-137 bps

Last week's equity returns



S&P 500 EPS growth expectations

As of two months ago vs. today



Source: Bloomberg Finance, L.P., as of August 30, 2024.

Equities

S&P 500: Leading single benchmark of large-cap U.S. equities, representing approximately 500 of the largest U.S. companies. **Dow Jones Industrial Average:** Price-weighted measure of 30 U.S. blue-chip companies. **NASDAQ:** Stock market index of stocks listed on the NASDAQ. Index is heavily weighted toward technology companies. **Russell 2000:** Index measuring performance of approximately 2,000 small-cap U.S. equities. **MSCI World Index:** Broad global equity benchmark including both developed and emerging markets. **MSCI Europe Index:** Equity benchmark that measures the performance of large and mid-cap equities across 15 developed countries in Europe. **MSCI EAFE Index:** Equity benchmark that represents the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East. **MSCI Asia Index:** Equity benchmark that captures large and mid-cap representation across developed market countries and emerging market countries in Asia. **MSCI Emerging Markets Index:** Equity benchmark representing 24 developing or emerging market countries, representing 10% of world market cap. For more info on these MSCI indices, visit MSCI.com. **CBOE Volatility Index (VIX):** Key measure of market expectations of near-term volatility conveyed by S&P 500 stock option price.

Credit

Bloomberg Barclays U.S. Aggregate Bond Index: Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment-grade, fixed-rate bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market.

Alternatives

FTSE NAREIT All Equity REITs Index: Free-float adjusted market cap-weighted index that includes all tax-qualified REITs listed in the NYSE, AMEX, and NASDAQ. **S&P GSCI:** First major investable commodity index. It is one of the most widely recognized benchmarks that is broad-based and production-weighted to represent the global commodity market beta. **Alerian MLP Index:** Leading gauge of energy MLPs, representing about 85% of total industry market cap. **HFRX Global Hedge Fund Index:** Index designed to be representative of the overall composition of the hedge fund universe, comprised of all eligible hedge fund strategies.

Commodities

Generic 1st Crude Oil (WTI Crude): Front-month West Texas Intermediate Crude Oil futures. **Generic 1st Brent Crude Oil (Brent Crude):** Front-month Brent Crude futures. **Generic 1st Natural Gas:** Front-month natural gas futures. **Generic 1st Gold, 100 oz:** Front-month gold (100 oz) futures.

Currency

Dollar Spot Index: Indicates the general international value of the USD by averaging the exchange rates between the USD and major world currencies. **USDCNY:** price of 1 USD in CNY (the Chinese renminbi, or yuan). **Bitcoin:** price of 1 Bitcoin in USD.

Spreads

Bloomberg Barclays U.S. Corporate Index: Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **Bloomberg S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market. **Barclays EM USD Aggregate Index:** Flagship hard currency emerging market debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign and corporate EM issuers.

Interest rates

Fed funds target: Target rate for the federal funds policy rate, set by the Federal Reserve each meeting. This rate is an “overnight rate,” i.e., it is the rate charged by depository institutions (banks) to each other for overnight loans. **SOFR:** Secured Overnight Financing Rate (SOFR) measures the cost of borrowing cash overnight collateralized by Treasuries. **ICE 3-Month London Interbank Offered Rate (LIBOR):** Average interest rate at which leading banks borrow funds of a sizable amount from other banks in the London market. LIBOR is the most widely used “benchmark” or reference rate for short-term interest rates. **Treasury rates:** Market yields for U.S. Treasury securities with maturities of 2, 10 and 30 years. **Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market.

Sources: Bureau of Labor Statistics (BLS), Department of Labor, Bureau of Economic Analysis (BEA), International Monetary Fund (IMF), OECD, Federal Reserve, Institute for Supply Management (ISM), Mortgage Bankers Association (MBA), U.S. Census Bureau, Standard & Poor's, Bank of America Merrill Lynch, Bloomberg, Macrobond.

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