



Equities

Cyclicals drove stocks higher after China announced the most aggressive stimulus measures since the end of COVID lockdowns to aid its ailing economy. Autos, semiconductors, and commodity-centric sectors gained while defensives faltered. The MSCI China Index gained 17%, its best week since 2011. With one trading day left in the quarter, Q3 bucked the trend of the previous 1.5 years. The Magnificent 7 were essentially flat, and the Nasdaq was the worst-performing major index globally. With rates and the USD falling and China stimulating, equity market performance outside the U.S. has improved. The S&P 500 P/E ratio crept up to 21.7x, testing the 22x level that has become a resistance.

Fixed income

It was a quiet week in fixed income as the mixed bag of economic data offered fresh guidance on the Fed. The 10-year traded in a narrow range 9-point range and ended close to where it started at 3.75%. Despite a sideways week, September is set for a significant gain across fixed income and the Bloomberg Agg is up almost 6% since July 1. The 2Y-10Y yield curve continued to steepen into positive territory as the positive slope peaked at 22 bps midweek.

Commodities

Oil prices fell below \$70/bbl, but other cyclical commodities rose after China announced an aggressive stimulus package. Copper, which had been out of favor since May, surged 7.4%. Other industrial metals and agricultural commodities were lifted by hopes of improving Chinese demand. Natural gas priced jumped toward \$3/mmBtu as Hurricane Helene hit supply around the Gulf of Mexico.

Economic overview

Consumer confidence slid to 98.7 in September vs 105.6 in August, a decline centered on the present situation subindex and concerns about the job market. Personal income growth was more sluggish than expected, up 0.2% m/m in August, and personal spending also delivered a muted 0.2% m/m gain. While the outlook for Q3 GDP growth remains upbeat with the Atlanta Fed's GDPNow model currently projecting 3.1% q/q, this does reinforce expectations that consumption may moderate into year end. Finally, the PCE deflator delivered a friendly 0.1% m/m increase, bringing inflation down to 2.2% y/y in August from 2.5% y/y previously.

Equities (price index)		MTD	QTD	YTD	2023
S&P 500	5,738.17	1.59%	5.09%	20.30%	24.23%
DJIA	42,313.00	1.80%	8.17%	12.27%	13.70%
NASDAQ	18,119.59	2.29%	2.18%	20.71%	43.42%
Russell 2000	2,224.71	0.32%	8.64%	9.75%	15.09%
MSCI World	3,726.80	1.79%	6.12%	17.60%	21.77%
MSCI Europe	2,250.56	1.44%	7.40%	11.39%	16.68%
MSCI EAFE	2,506.69	2.17%	8.30%	12.10%	15.03%
MSCI Asia	197.33	5.83%	9.32%	16.49%	8.76%
MSCI EM	1,174.52	6.78%	8.13%	14.73%	7.04%
VIX	16.96	1.96	4.52	4.51	-9.22

Fixed income (total return index)		MTD	QTD	YTD	2023
Barclays U.S. Agg	2,263.44	1.58%	5.44%	4.69%	5.53%
Inv. grade bonds	3,398.40	1.95%	6.02%	5.51%	8.52%
High yield bonds	2,677.85	1.59%	5.26%	7.98%	13.45%
Leveraged Loans	3,968.87	0.66%	2.02%	6.45%	13.32%

Alternatives (total return index)		MTD	QTD	YTD	2023
FTSE NAREIT	27,122.24	2.39%	15.91%	13.37%	11.36%
REIT Index					
GS Commodity Index	532.93	-0.71%	-7.86%	-0.51%	-12.20%
Alerian MLP Index	2,229.80	-0.59%	0.42%	18.20%	26.56%

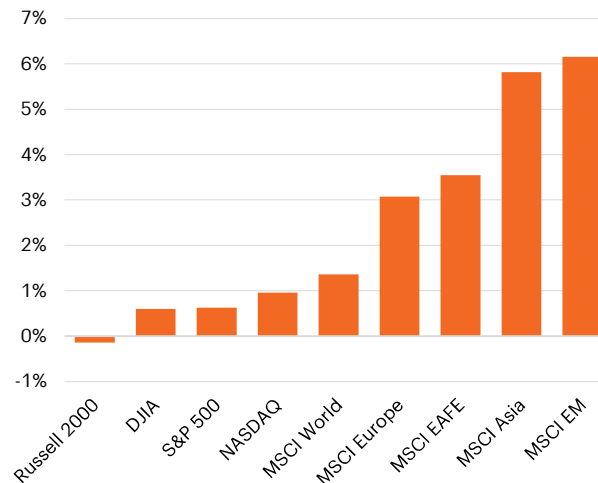
Commodities		MTD	QTD	YTD	2023
WTI Crude	\$68.18	-7.30%	-16.38%	-4.84%	-10.73%
Brent Crude	\$71.98	-8.65%	-16.70%	-6.57%	-10.32%
Natural Gas	\$2.90	36.44%	11.57%	15.43%	-43.82%
Gold	\$2,644	5.58%	13.02%	27.63%	13.45%

Currency		MTD	QTD	YTD	2023
Dollar Index (DXY)	100.38	-1.30%	-5.18%	-0.94%	-2.11%
USDCNY	7.01	-1.13%	-3.53%	-1.25%	2.92%
Bitcoin	65,814	11.46%	9.47%	54.83%	157.01%

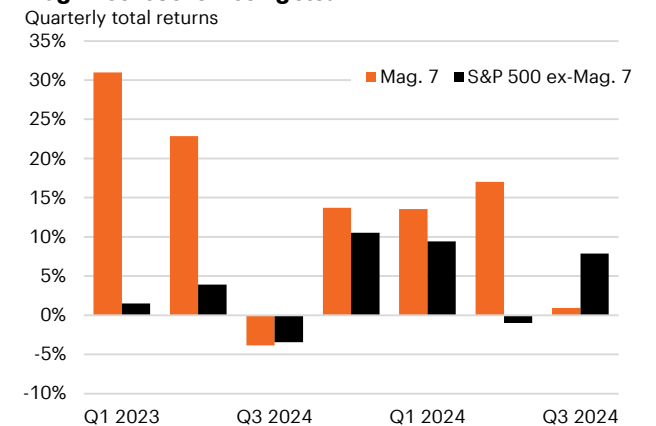
Spreads		MTD	QTD	YTD	2023
Inv. grade bonds	89 bps	-4 bps	-5 bps	-10 bps	-31 bps
High yield bonds	299 bps	-6 bps	-10 bps	-24 bps	-146 bps
Leveraged loans	423 bps	0 bps	-7 bps	-36 bps	-101 bps
Emerging markets	250 bps	-12 bps	-12 bps	-47 bps	-42 bps

Interest rates		MTD	QTD	YTD	2023
Fed Funds Target	4.875%	5.375%	5.375%	5.375%	4.38%
SOFR	4.83%	-49 bps	-50 bps	-55 bps	108 bps
3-month LIBOR*	4.87%	-41 bps	-72 bps	-73 bps	83 bps
2-year Treasury	3.56%	-36 bps	-119 bps	-69 bps	-18 bps
10-year Treasury	3.75%	-15 bps	-65 bps	-13 bps	0 bps
30-year Treasury	4.10%	-9 bps	-45 bps	8 bps	7 bps
Barclays U.S. Agg	4.17%	-25 bps	-83 bps	-36 bps	-15 bps
Inv. grade bonds	4.68%	-26 bps	-80 bps	-38 bps	-36 bps
High yield bonds	6.98%	-32 bps	-93 bps	-61 bps	-137 bps

Last week's equity returns



Magnificent Seven losing steam



Source: Bloomberg Finance, as of September 27, 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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