



Equities

U.S. equities had a choppy week and recovered some early-week losses, delivering a mixed outcome. The market continues to navigate mostly positive earnings reports, a data-dependent Fed, and a historically close upcoming election. Consumer discretionary stocks led, with Tesla (+22% on Thursday) achieving its largest daily gain since 2013, which helped propel the Magnificent 7 close to their all-time high. Next week features the largest crop of earnings results in the Q3 reporting calendar, headlined by many of the Magnificent 7. Stocks outside the U.S. underperformed as the U.S. dollar strengthened, and the wild ride continued in Chinese equities, which ended roughly flat.

Fixed income

Yields remained elevated last week as the election increasingly looks like a catalyst for the duration selloff. Markets are increasingly pricing in a Trump victory, which they view as a higher growth, higher deficit outcome. Additionally, strong data has caused markets to cut back rate cut expectations to 91 bps of cuts in 2025, all adding to the uptrend in yields. The 10-year tested as high as 4.25% midweek before ending at 4.24%, up over 50 bps since the Fed cut rates on September 18.

Commodities

Crude oil prices rose modestly, regaining the \$70/bbl line. Still, the glide down in crude prices over the past four months has sent national average gasoline prices down to \$3.14/gal, the lowest since February. Prices continues to be highly attuned to growth data in China and developments in the Middle East. Gold continued to press higher despite rising interest rates.

Economic overview

Second-tier data out last week took a back seat to earnings and the election. The housing market's state of suspended animation continued as existing home sales surprised to the downside on the month, down -1.0% to 3.84 million units. This is setting up 2024 sales to be the weakest since 2010. Initial jobless claims fell to 227,000 in the week ending October 18, although continuing claims remains elevated in the wake of the hurricanes. Next week the focus will likely be on the monthly jobs report. The consensus expects 120,000 jobs added in October and an unemployment rate of 4.1%.

Equities (price index)		MTD	QTD	YTD	2023
S&P 500	5,808.12	0.79%	0.79%	21.77%	24.23%
DJIA	42,114.40	-0.51%	-0.51%	11.74%	13.70%
NASDAQ	18,518.61	1.81%	1.81%	23.36%	43.42%
Russell 2000	2,208.00	-0.99%	-0.99%	8.93%	15.09%
MSCI World	3,705.81	-0.46%	-0.46%	16.93%	21.77%
MSCI Europe	2,144.30	-3.65%	-3.65%	6.13%	16.68%
MSCI EAFE	2,361.47	-4.34%	-4.34%	5.60%	15.03%
MSCI Asia	186.54	-4.36%	-4.36%	10.12%	8.76%
MSCI EM	1,134.88	-3.07%	-3.07%	10.86%	7.04%
VIX	20.33	3.60	3.60	7.88	-9.22

Fixed income (total return index)		MTD	QTD	YTD	2023
Barclays U.S. Agg	2,205.88	-2.32%	-2.32%	2.03%	5.53%
Inv. grade bonds	3,316.24	-2.25%	-2.25%	2.96%	8.52%
High yield bonds	2,664.89	-0.51%	-0.51%	7.46%	13.45%
Leveraged Loans	4,005.26	0.84%	0.84%	7.43%	13.32%

Alternatives (total return index)		MTD	QTD	YTD	2023
FTSE NAREIT	26,837.55	-1.80%	-1.80%	12.18%	11.36%
REIT Index					
GS Commodity Index	546.32	2.52%	2.52%	1.99%	-12.20%
Alerian MLP Index	2,228.36	-0.36%	-0.36%	18.13%	26.56%

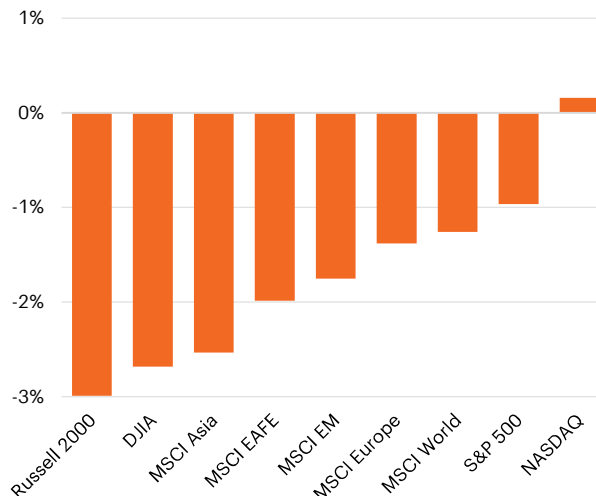
Commodities		MTD	QTD	YTD	2023
WTI Crude	\$71.78	5.30%	5.30%	0.18%	-10.73%
Brent Crude	\$76.05	5.96%	5.96%	-1.29%	-10.32%
Natural Gas	\$2.56	-12.42%	-12.42%	1.83%	-43.82%
Gold	\$2,741	3.98%	3.98%	32.30%	13.45%

Currency		MTD	QTD	YTD	2023
Dollar Index (DXY)	104.26	3.45%	3.45%	2.89%	-2.11%
USDCNY	7.12	1.46%	1.46%	0.30%	2.92%
Bitcoin	66,768	4.68%	4.68%	57.07%	157.01%

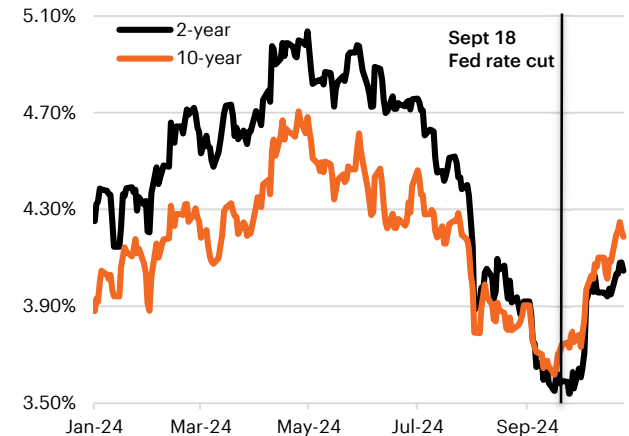
Spreads		MTD	QTD	YTD	2023
Inv. grade bonds	82 bps	-7 bps	-7 bps	-17 bps	-31 bps
High yield bonds	285 bps	-10 bps	-10 bps	-38 bps	-146 bps
Leveraged loans	412 bps	-11 bps	-11 bps	-47 bps	-101 bps
Emerging markets	228 bps	-19 bps	-19 bps	-69 bps	-42 bps

Interest rates		MTD	QTD	YTD	2023
Fed Funds Target	4.875%	5.375%	5.375%	5.375%	4.38%
SOFR	4.83%	-13 bps	-13 bps	-55 bps	108 bps
2-year Treasury	4.10%	46 bps	46 bps	-15 bps	-18 bps
10-year Treasury	4.24%	46 bps	46 bps	36 bps	0 bps
30-year Treasury	4.50%	38 bps	38 bps	47 bps	7 bps
Barclays U.S. Agg	4.67%	44 bps	44 bps	14 bps	-15 bps
Inv. grade bonds	5.10%	38 bps	38 bps	4 bps	-36 bps
High yield bonds	7.30%	31 bps	31 bps	-29 bps	-137 bps

Last week's equity returns



Rates are rising after Sept 18 rate cut



Source: Bloomberg Finance, as of 11:30am on October 18, 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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