



WEEK OF SEPTEMBER 23, 2024

Market Update

Equities continued to move higher. The Federal Open Market Committee (FOMC) cut the federal funds rate 50 basis points (bps). Economic data was mixed; retail sales and industrial production surprised to the upside, whereas existing home sales disappointed.

Quick Hits

- 1. Report releases:** Retail sales and industrial production grew more than expected in August.
- 2. Financial market data:** Equities, paced by mega-cap names, continued to rise.
- 3. Looking ahead:** This week, we expect data on consumer confidence, durable goods, and personal income and spending.

Report Releases: September 16–20, 2024

Retail Sales August (Tuesday)

Retail sales beat analyst estimates, with headline sales rising 0.1 percent against calls for a modest decline. This marks two consecutive months with stronger-than-expected consumer spending growth.

- Expected/prior month retail sales monthly change: $-0.2\%/+1.1\%$
- Actual retail sales monthly change: $+0.1\%$



Industrial Production August (Tuesday)

Industrial production rebounded after experiencing a weather-driven production decline in July. Manufacturing output rose notably, helping drive better-than-expected industrial production growth.

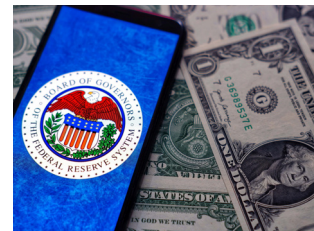
- Expected/prior month production change: $+0.2\%/-0.9\%$
- Actual production change: $+0.8\%$



FOMC Rate Decision September (Wednesday)

The Federal Reserve (Fed) surprised many economists by cutting the range for the federal funds rate 50 bps after September's FOMC meeting. Although many economists had expected a reduction of 25 bps, fixed income markets had largely priced in the possibility of a larger cut. Markets rallied immediately after the announcement.

- Expected/prior federal funds rate upper limit: $5.25\%/5.50\%$
- Actual federal funds rate upper limit: 5.00%



Existing Home Sales August (Thursday)

The pace of existing home sales fell more than expected, dropping the pace to a 10-month low.

- Expected/prior month existing home sales change: $-1.3\%/+1.5\%$
- Actual existing home sales change: -2.5%



>> The Takeaway

- The Fed started its rate-cutting cycle with a 50 bps reduction on Wednesday.
- August retail sales and industrial production were better than expected.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	1.39%	1.05%	20.78%	31.45%
Nasdaq Composite	1.51%	1.39%	20.21%	34.27%
DJIA	1.67%	1.31%	13.21%	24.57%
MSCI EAFE	0.43%	-1.23%	10.58%	18.01%
MSCI Emerging Markets	2.26%	0.75%	10.37%	16.90%
Russell 2000	2.10%	0.54%	11.00%	24.91%

Source: Bloomberg, as of September 20, 2024

Equities continued their rally after the Fed announced its rate cut. Mega-cap names lifted the market, with Apple, Meta Platforms, Amazon, and Alphabet each rising more than 2.5 percent. Nvidia fell 2.6 percent after a strong rally the previous week. FedEx also struggled, tumbling more than 11 percent after cutting full-year earnings guidance as demand moved toward less profitable deliveries.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	1.59%	4.70%	10.43%
U.S. Treasury	1.46%	4.10%	8.97%
U.S. Mortgages	1.50%	4.82%	10.73%
Municipal Bond	0.86%	2.16%	7.57%

Source: Bloomberg, as of September 20, 2024

The most impactful news was the 50 bps cut from the Fed, leaving the federal funds target range at 4.75 percent–5 percent. The Treasury yield curve beyond the 2-year saw modest steepening. The 10-year is now 15 bps above the 2-year as the yield curve begins to normalize after being inverted since July 2022. The 10-year closed the week at 3.73 percent. The 2-year and 30-year closed at 3.57 percent and 4.07 percent, respectively.

>> The Takeaway

- Equities, paced by several mega-cap companies, continued their move higher.
- The FOMC cut the federal funds rate 50 bps

Looking Ahead

This week's data will focus on consumer confidence, durable goods, and personal income and spending.

- The week kicks off on Monday with the preliminary release of S&P Global US Composite PMI, which is expected to decline slightly from 54.6 in August, led by a decline in the service sector.
- On Tuesday, we expect the release of the Conference Board Consumer Confidence Index for September. Consumer confidence is expected to remain unchanged after improving more than expected in August.
- Preliminary durable goods orders for August is expected on Thursday. Headline durable goods orders are set to fall after surging in September. The less volatile core goods orders measure is expected to show continued modest improvement.
- The week wraps on Friday with personal income and spending for August. Personal income and spending are set to rise. Although spending growth is expected to slow compared with July, this would still mark an impressive 17 consecutive months with personal spending growth.





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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.

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