



Capital Markets Snapshot

Courtesy of LWS Financial

Week ending October 4, 2024

An eventful week last week led to markets bouncing around but trending down for most of the week, resulting from increasing tensions in the Middle East and the East Coast port strike. After the strike tentatively ended late Thursday and a strong jobs report on Friday, we saw markets recover and post modest gains for the week. While the Federal Reserve seeks to balance its dual mandates of stable prices and full employment, last week may have some wondering if inflation concerns are truly in the rear-view mirror as oil prices increased following Iran's missile attack as well as US labor strikes becoming more common and leading to potentially higher wages. We will get inflation data next week that can help answer some of these questions, but for now the US economy appears to be on firm footing after posting the strongest job gains in the past six months paired with upward revisions to July and August's job report numbers.

Fixed Income Markets Overview

- Interest rates rose across the yield curve, with the 2-year yield seeing the largest jump at 38 basis points.
- Overall, we saw the middle of the curve rise more than the short- and long-ends end. The often watches 2- and 10-year spread continues to suggest the yield curve is normalizing, but the spread did collapse to just 5 bps.
- Mortgage rates ticked up slightly to 6.12% last week. While this broke their recent trend downward over the past few weeks, rates still declined over 1.5% in the last year. Combine lower rates with slowing house price growth, increasing inventory, and rising incomes means we should see housing market conditions improve in coming months if these trends persist.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	-0.5%	4.0%	1.4%	1.5%
	Core Plus				
	Intermediate Govt/Credit	-0.9%	3.9%	-0.1%	0.9%
	International Aggregate	-1.8%	2.0%	-3.6%	-1.3%
	US Aggregate	-1.2%	3.4%	-1.7%	0.0%
	US Treasury	-1.3%	2.7%	-2.1%	-0.6%
	US TIPS	-0.9%	3.9%	-1.0%	2.2%
	US Corporate	-1.0%	4.4%	-1.4%	0.8%
	US Corporate High Yield	-0.1%	7.8%	3.1%	4.8%
Other	Emerging Markets Aggregate	-0.5%	7.7%	-0.2%	1.2%
Muni	US Municipals	0.0%	2.3%	0.1%	1.3%
	US Municipals High Yield	0.0%	7.4%	1.1%	3.0%

Source: Bloomberg as of October 4, 2024

Interest Rates (%)

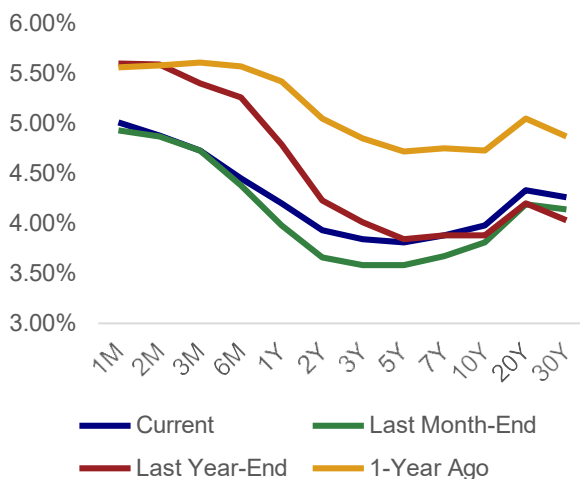
Date	10/4/2024	9/30/2024	12/29/2023	10/4/2023
Federal Funds Rate	5.01%	4.93%	5.60%	5.56%
3 Month Treasury	4.73%	4.73%	5.40%	5.61%
6 Month Treasury	4.45%	4.38%	5.26%	5.57%
2 Year Treasury	3.93%	3.66%	4.23%	5.05%
5 Year Treasury	3.81%	3.58%	3.84%	4.72%
10 Year Treasury	3.98%	3.81%	3.88%	4.73%
30 Year Treasury	4.26%	4.14%	4.03%	4.87%
US Aggregate	4.43%	4.23%	4.53%	5.50%
US Corporate	4.88%	4.72%	5.06%	6.18%
US Corporate High Yield	7.10%	6.99%	7.59%	9.23%
US Municipal	3.34%	3.32%	3.22%	4.39%
US Municipal High Yield	5.22%	5.20%	5.57%	6.32%

Spreads Over 10-Year US Treasuries

Date	10/4/2024	9/30/2024	12/29/2023	10/4/2023
30 Year Treasury	0.28%	0.33%	0.15%	0.14%
US Aggregate	0.45%	0.42%	0.65%	0.77%
US Corporate	0.90%	0.91%	1.18%	1.45%
US Corporate High Yield	3.12%	3.18%	3.71%	4.50%
US Municipal	-0.64%	-0.49%	-0.66%	-0.34%
US Municipal High Yield	1.24%	1.39%	1.69%	1.59%

Source: Bloomberg and U.S. Treasury as of October 4, 2024

U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of October 4, 2024

Equity Markets Overview

- All three major domestic indices saw another week of modest gains after a bumpy start to the week. The S&P (+0.26%) and Dow Jones (+0.13%) continue to set new highs, while the Nasdaq (+0.11%) is about 2.7% off its record high from three months ago.
- Heightened tension in the Middle East leading to increased oil prices helped the Energy sector win the week by posting a +7% gain. Other sector performance was mixed with 5 of the 11 S&P sectors falling between -0.93% to -1.98% and the other 5 ending the week up between +.05% to +2.2%.
- From a size perspective, large cap stocks' (+0.3%) beat out their mid-cap (0%) and small-cap (-0.7%) peers. Growth stocks beat out value stocks across all market cap sizes, this was most pronounced in small caps where growth fell only -0.3% to their value counterparts sliding -1.1%.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	0.2%	21.0%	11.0%	15.8%
Large-Cap	S&P 500	0.3%	21.9%	11.5%	16.1%
	S&P 500 Growth	0.4%	28.0%	9.9%	17.7%
	S&P 500 Value	0.1%	15.1%	12.4%	13.4%
Mid-Cap	S&P Midcap 400	0.0%	13.4%	7.0%	12.1%
	S&P Midcap 400 Growth	0.2%	17.0%	6.3%	11.9%
	S&P Midcap 400 Value	-0.1%	9.6%	7.6%	11.9%
Small-Cap	S&P Smallcap 600	-0.7%	8.2%	3.0%	10.4%
	S&P Smallcap 600 Growth	-0.3%	11.9%	3.1%	10.8%
	S&P Smallcap 600 Value	-1.1%	4.6%	2.8%	9.6%
Int'l.	MSCI ACWI ex-USA	-2.2%	12.9%	4.0%	7.7%
	MSCI EM	0.4%	17.7%	1.1%	6.0%

Source: Bloomberg as of October 4, 2024

Alternative Markets Overview

- U.S. crude oil prices jumped around 9% last week following the escalating tensions in the Middle East, ending the week just under \$75 dollars per barrel.
- Gold prices remained flat over the week breaking its recent trend upward, but its gain of almost 29% is still among the top performers for the year-to-date.
- Bitcoin fell -5% last week bringing its YTD gain to nearly 47%. While its performance has been largely sideways for the past six months, it is still the top performing asset for year so far.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	4.7%	10.1%	9.1%	9.2%
Gold	0.0%	28.8%	14.9%	12.0%
FTSE All Equity NAREIT	-1.7%	11.5%	2.5%	4.5%
Bitcoin	-5.0%	46.7%	6.8%	50.5%
Ethereum	-10.1%	5.4%	-11.5%	68.5%

Source: Bloomberg as of October 4, 2024



Upcoming Week

- As third quarter earnings season kicks off, keep an eye out for notable releases from PepsiCo, Delta Air Lines, and JPMorgan Chase.
- We will be monitoring the inflation releases this week, CPI on Thursday and PPI on Friday. Other releases to watch include Small Business Optimism (Tuesday) as well as Consumer Sentiment and Inflation Expectations (Friday).

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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