



Capital Markets Snapshot

Courtesy of LWS Financial

Week ending September 13, 2024

Last week, the capital markets experienced increased volatility due to concerns about a slowing economy and persistent inflation. Despite these challenges, stocks have shown strong gains and are near record highs. The latest inflation data revealed a month-over-month increase in core CPI, indicating that the fight against inflation is not yet over. However, the broader trend shows that inflation is on a downtrend, with core CPI levels returning to those seen in early 2021. The Federal Reserve is expected to start an extended phase of rate cuts at its upcoming meeting, which has brightened the outlook for monetary policy. Investors remain focused on inflation and labor market data and their implications for future Fed interest-rate moves.

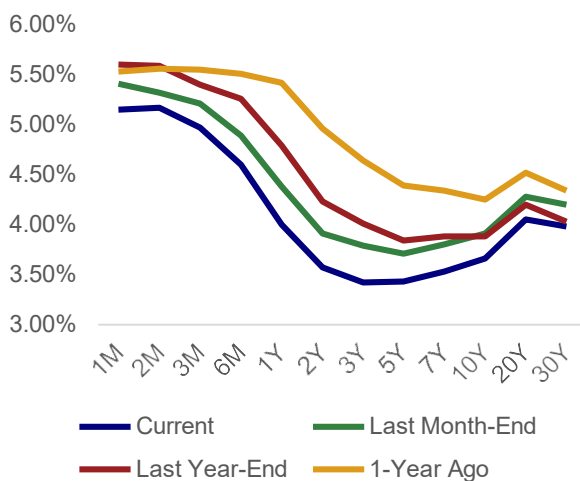
Fixed Income Markets Overview

- Treasury yields continued dropping across the curve to the lowest level of rates in the past year. Short-term rates saw larger rate reductions relative to intermediate and long-term rates.
- The yield curve continues to un-invert as the 10-year Treasury closed for the second week with a higher yield than the 2-year, the spread widened slightly as 2-year rates fell more than 10-year rates last week.
- Mortgage rates have fallen more than half a percent over the last six weeks, reaching their lowest level since February 2023. Despite this favorable shift, potential buyers are still hesitant due to high home prices and ongoing supply shortages.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.2%	4.3%	1.5%	1.7%
	Core Plus				
Core Plus	Intermediate Govt/Credit	0.3%	4.8%	0.0%	1.5%
	International Aggregate	0.4%	3.5%	-3.7%	-0.7%
	US Aggregate	0.5%	4.9%	-1.6%	0.7%
	US Treasury	0.4%	4.4%	-2.1%	0.2%
	US TIPS	0.9%	4.8%	-1.0%	2.8%
	US Corporate	0.6%	5.5%	-1.7%	1.6%
Other	US Corporate High Yield	0.4%	7.0%	2.6%	4.5%
	Emerging Markets Aggregate	0.6%	7.4%	-1.0%	1.3%
Muni	US Municipals	0.2%	2.0%	-0.3%	1.4%
	US Municipals High Yield	0.1%	7.3%	0.7%	3.2%

Source: Bloomberg as of September 13, 2024

U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of September 13, 2024

Interest Rates (%)

Date	9/13/2024	8/30/2024	12/29/2023	9/13/2023
Federal Funds Rate	5.15%	5.41%	5.60%	5.53%
3 Month Treasury	4.97%	5.21%	5.40%	5.55%
6 Month Treasury	4.60%	4.89%	5.26%	5.51%
2 Year Treasury	3.57%	3.91%	4.23%	4.96%
5 Year Treasury	3.43%	3.71%	3.84%	4.39%
10 Year Treasury	3.66%	3.91%	3.88%	4.25%
30 Year Treasury	3.98%	4.20%	4.03%	4.34%
US Aggregate	4.14%	4.42%	4.53%	5.11%
US Corporate	4.68%	4.94%	5.06%	5.77%
US Corporate High Yield	7.18%	7.30%	7.59%	8.52%
US Municipal	3.35%	3.45%	3.22%	3.85%
US Municipal High Yield	5.21%	5.29%	5.57%	5.89%

Spreads Over 10-Year US Treasuries

Date	9/13/2024	8/30/2024	12/29/2023	9/13/2023
30 Year Treasury	0.32%	0.29%	0.15%	0.09%
US Aggregate	0.48%	0.51%	0.65%	0.86%
US Corporate	1.02%	1.03%	1.18%	1.52%
US Corporate High Yield	3.52%	3.39%	3.71%	4.27%
US Municipal	-0.31%	-0.46%	-0.66%	-0.40%
US Municipal High Yield	1.55%	1.38%	1.69%	1.64%

Source: Bloomberg and U.S. Treasury as of September 13, 2024

Equity Markets Overview

- All three major domestic indices posted strong gains last week and currently sit near all-time highs, despite the recent volatility of the past six weeks. The tech heavy Nasdaq rose 5.98% to lead the 3 major indices, followed by the S&P 500 increasing 4.02% then the Dow Jones brought up the rear with a 2.62% gain.
- Most sectors saw a gain for the week, but Energy was the only sector to post a loss with a -0.74% slide. Technology, Consumer Discretionary, and Telecommunications were the week's biggest winners with gains of 7.33%, 6.14%, and 4.27%, respectively.
- From a size perspective, large cap stocks posted a 4.1% gain, which outpaced their mid- and small-cap peers, rising 3.3% and 3.5%, respectively. When looking at style performance, we saw growth stocks outpace value stocks across all market caps, with the largest outperformance in the large cap space.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	4.0%	18.3%	9.5%	14.8%
Large-Cap	S&P 500	4.1%	19.1%	9.9%	15.2%
	S&P 500 Growth	5.9%	24.8%	7.5%	16.7%
	S&P 500 Value	1.7%	12.9%	11.8%	12.5%
Mid-Cap	S&P Midcap 400	3.3%	10.3%	6.0%	10.8%
	S&P Midcap 400 Growth	3.8%	13.5%	4.5%	10.7%
	S&P Midcap 400 Value	2.8%	6.8%	7.3%	10.5%
Small-Cap	S&P Smallcap 600	3.5%	6.3%	3.4%	9.0%
	S&P Smallcap 600 Growth	3.8%	9.0%	2.2%	9.2%
	S&P Smallcap 600 Value	3.1%	3.5%	4.3%	8.4%
Int'l.	MSCI ACWI ex-USA	1.2%	9.6%	1.4%	6.4%
	MSCI EM	0.8%	7.9%	-3.3%	3.6%

Source: Bloomberg as of September 13, 2024

Alternative Markets Overview

- Oil prices ticked up slightly last week as Hurricane Francine stormed through the Gulf of Mexico and knocked offline nearly 30% of US Gulf of Mexico oil output.
- Gold continues its strong performance for the year posting a 3.4% gain for the week and 26% YTD gain, outpacing even equity market performance. Part of this was fueled by market expectations of an aggressive 50 basis point Fed cut increasing last week.
- Bitcoin experienced a strong rally with its price rising 12.6% last week, and had its price temporarily break through the \$60,000 over the weekend.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	1.9%	2.3%	9.4%	7.4%
Gold	3.4%	26.0%	13.0%	11.7%
FTSE All Equity NAREIT	3.7%	14.8%	2.1%	5.8%
Bitcoin	12.6%	43.5%	9.1%	42.7%
Ethereum	8.7%	4.9%	-10.4%	68.4%

Source: Bloomberg as of September 13, 2024



Upcoming Week

- It will be another light week for earnings releases as we near quarter-end a few noteworthy releases include General Mills, FedEx, and Lennar.
- While everyone will be eagerly anticipating the outcomes of the Federal Reserve meeting on Wednesday, there are several noteworthy economic releases this week: Retail sales, Industrial production and capacity utilization, Business inventories, and Housing Market Index on Tuesday; Housing starts on Wednesday; and the Conference Board Leading Economic Index, Existing home sales, and Weekly unemployment claims on Thursday.

Glossary and Disclosures

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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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