

# Capital Markets Snapshot

Courtesy of Sage Advisors

Week ending August 16, 2024

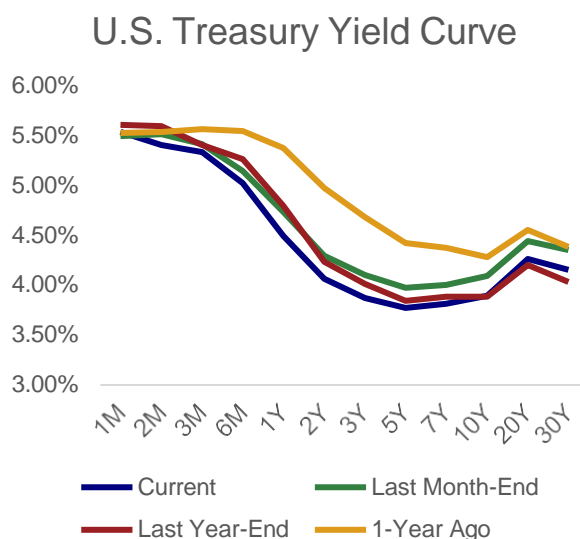
Stocks posted one of their largest weekly gains of the year following the pullback in recent weeks. Last week's rally was driven by encouraging economic data, including continued reports of moderating inflation and a positive surprise on retail sales. Initial jobless claims came in below expectations for the second week in a row, which may suggest the recent increase in the unemployment rate could be due to an increasing labor pool size and not increasing layoffs. While data continues to suggest slowing growth of the economy, last week's releases indicated the U.S. economy remains healthy and helped ease recession fears. As the September meeting draws nearer, expectations remain high for a potential interest rate cut by the Federal Reserve, with many hoping for a signal during Fed Chair Powell's speech this week at the Jackson Hole Symposium.

## Fixed Income Markets Overview

- Yields were flat during the week, with longer term yields falling a few basis points. Despite flattening some in recent weeks the yield curve continues its over two-year inversion.
- Market expectations around potential rate cuts from the Fed remain high but expectations of an outsized 50 basis points reduction continue to ease. As of Friday, Bloomberg forecasts currently suggest 75-100 basis points of cuts by year-end.
- Mortgage rates ticked up slightly over the week but remain over 100 basis points below their recent highs in late October/early November 2023. If inflation continues to slow and the Federal Reserve begins cutting rates, we should expect to see mortgage rates trend downward, which should provide relief to both buyers and sellers.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.1%	3.2%	1.1%	1.4%
Core Plus	Intermediate Govt/Credit	0.3%	3.2%	-0.5%	0.9%
	International Aggregate	0.4%	1.1%	-4.4%	-1.5%
	US Aggregate	0.5%	2.9%	-2.1%	0.0%
	US Treasury	0.3%	2.5%	-2.5%	-0.6%
	US TIPS	0.2%	2.8%	-1.3%	2.0%
	US Corporate	1.0%	3.3%	-2.1%	0.8%
	US Corporate High Yield	0.8%	5.3%	2.5%	4.5%
Other	Emerging Markets Aggregate	0.9%	5.5%	-1.4%	0.9%
Muni	US Municipals	0.2%	1.2%	-0.5%	1.0%
	US Municipals High Yield	0.1%	6.3%	0.4%	2.9%

Source: Bloomberg as of August 16, 2024



Source: Bloomberg and U.S. Treasury as of August 16, 2024

Interest Rates (%)				
Date	8/16/2024	7/31/2024	12/29/2023	8/16/2023
Federal Funds Rate	5.53%	5.49%	5.60%	5.52%
3 Month Treasury	5.33%	5.41%	5.40%	5.56%
6 Month Treasury	5.02%	5.14%	5.26%	5.54%
2 Year Treasury	4.06%	4.29%	4.23%	4.97%
5 Year Treasury	3.77%	3.97%	3.84%	4.42%
10 Year Treasury	3.89%	4.09%	3.88%	4.28%
30 Year Treasury	4.15%	4.35%	4.03%	4.38%
US Aggregate	4.46%	4.64%	4.53%	5.14%
US Corporate	4.97%	5.14%	5.06%	5.81%
US Corporate High Yield	7.47%	7.59%	7.59%	8.57%
US Municipal	3.47%	3.58%	3.22%	3.69%
US Municipal High Yield	5.30%	5.42%	5.57%	5.82%

Spreads Over 10-Year US Treasuries				
Date	8/16/2024	7/31/2024	12/29/2023	8/16/2023
30 Year Treasury	0.26%	0.26%	0.15%	0.10%
US Aggregate	0.57%	0.55%	0.65%	0.86%
US Corporate	1.08%	1.05%	1.18%	1.53%
US Corporate High Yield	3.58%	3.50%	3.71%	4.29%
US Municipal	-0.42%	-0.51%	-0.66%	-0.59%
US Municipal High Yield	1.41%	1.33%	1.69%	1.54%

Source: Bloomberg and U.S. Treasury as of August 16, 2024

# Equity Markets Overview

- Major U.S. stock indexes recorded one of their strongest weekly gains of 2024, with the NASDAQ up over 5%, the S&P 500 rising 4%, and the Dow Jones increasing by 3%.
- All sectors were positive for the week, but the rally was led by growth sectors like Information Technology and Consumer Discretionary stocks, which previously drove the market lower in the prior weeks' selloffs. Information Technology stocks posted the strongest performance with a 7.5% weekly gain while Real Estate brought up the rear posting a small 0.07% gain.
- From a size perspective, large cap stocks continue their recent dominance and handily outpaced their mid and small cap peers. However, when looking at style performance, we see mixed results with growth outpacing value in large caps but lagging in mid and small cap stocks and small/mid value stocks even outperformed their large value counterparts.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	3.9%	16.7%	9.0%	15.5%
Large-Cap	S&P 500	4.0%	17.5%	9.4%	15.8%
	S&P 500 Growth	5.2%	23.8%	7.8%	17.1%
	S&P 500 Value	2.4%	10.6%	10.3%	13.4%
Mid-Cap	S&P Midcap 400	2.6%	9.3%	5.5%	11.7%
	S&P Midcap 400 Growth	2.4%	12.9%	4.5%	11.2%
	S&P Midcap 400 Value	2.8%	5.4%	6.3%	11.8%
Small-Cap	S&P Smallcap 600	2.6%	5.1%	2.9%	10.1%
	S&P Smallcap 600 Growth	2.4%	8.2%	2.3%	9.9%
	S&P Smallcap 600 Value	2.8%	1.9%	3.3%	9.8%
Int'l.	MSCI ACWI ex-USA	3.7%	8.4%	1.8%	7.4%
	MSCI EM	2.9%	8.8%	-1.9%	5.0%

Source: Bloomberg as of August 16, 2024

# Alternative Markets Overview

- Oil prices were effectively flat for the week while the market is receiving mixed signals of potential declining demand as recent Chinese economic data shows a loss of momentum (slowing industrial production and rising unemployment) paired with potential for supply chain disruptions due to continued conflicts in Gaza.
- Gold posted a new all-time high to close the week breaking above \$2,500 per ounce and posting over a 20% gain for the year to date.
- Bitcoin prices continue their recent slide, falling just under 3% last week. Despite being well off its over \$70k all-time high, the cryptocurrency has still enjoyed an almost 40% gain year-to-date.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	0.0%	5.8%	12.0%	8.6%
Gold	2.6%	22.5%	12.4%	10.7%
FTSE All Equity NAREIT	0.2%	6.3%	-0.4%	4.2%
Bitcoin	-2.9%	39.7%	8.9%	41.2%
Ethereum	1.2%	13.9%	-5.3%	69.8%

Source: Bloomberg as of August 16, 2024



## Upcoming Week

- While a lighter week than last, market participants will be closely monitoring the developments at this week's Federal Reserve Jackson Hole Symposium with Fed Chair Powell scheduled to speak Friday.
- Other important releases include Monday's Leading Economic Indicators, as well as several releases related to oil & gas inventories, housing market, and jobless claims data throughout the week.
- With earnings season winding down there are still some notable releases coming down the pipeline this week, including Lowe's and Target.

## 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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