



Capital Markets Snapshot

Courtesy of Sage Advisors

Week ending August 23, 2024

Last week, the capital markets were largely in a holding pattern, awaiting insights from the Federal Reserve's annual symposium in Jackson Hole, Wyoming. The much-anticipated speech by Fed Chair Powell on Friday provided some key takeaways for investors, including the expectation that interest-rate cuts will commence in September. The Fed held its policy rate steady for over a year, but recent commentary suggests sufficient progress has been made on inflation to warrant a shift in policy to focus on employment. The markets responded positively to Powell's dovish message, with stocks rallying and Treasury yields falling in anticipation of the upcoming rate cuts. However, the path to rate cuts may not be consistent, with cuts and pauses interspersed over the coming months as the Fed closely monitors future economic releases and seeks to avoid further deterioration of labor markets and economic slowdown.

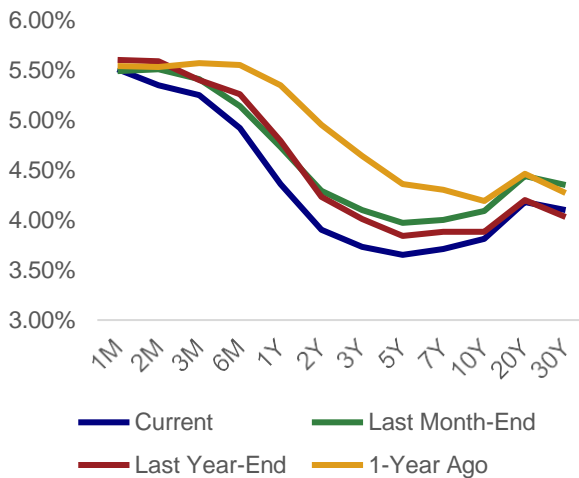
Fixed Income Markets Overview

- Rates fell all along the yield curve last week, particularly following Fed Chair Powell's Friday remarks. Expectations for a September rate cut remain high as the Fed signals an upcoming shift in focus from managing inflation to managing labor market health.
- Market expectations for the Federal Reserve proceeding with smaller 25 basis point cuts remains high while expectations of an outsized 50 basis points reduction continue to relent. As of Friday, Bloomberg forecasts continue to suggest 75-100 basis points of cuts by the year-end.
- The decline in mortgage rates in recent months helped July's existing home sales to rise 1.3% from June, as prices fell slightly, which snapped a 4-month streak of home sales declines. Additionally, new home sales increased 10.6% from June, the largest monthly gain since August 2022.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.3%	3.5%	1.2%	1.5%
	Core Plus				
Core Plus	Intermediate Govt/Credit	0.5%	3.8%	-0.3%	1.0%
	International Aggregate	1.3%	2.4%	-4.0%	-1.3%
	US Aggregate	0.7%	3.6%	-1.9%	0.1%
	US Treasury	0.6%	3.1%	-2.4%	-0.5%
	US TIPS	0.9%	3.7%	-1.0%	2.2%
	US Corporate	0.8%	4.1%	-1.9%	0.8%
	US Corporate High Yield	0.7%	6.1%	2.7%	4.5%
Other	Emerging Markets Aggregate	0.7%	6.3%	-1.2%	1.0%
Muni	US Municipals	0.1%	1.3%	-0.5%	1.0%
	US Municipals High Yield	0.2%	6.5%	0.5%	2.9%

Source: Bloomberg as of August 23, 2024

U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of August 23, 2024

Interest Rates (%)

Date	8/23/2024	7/31/2024	12/29/2023	8/23/2023
Federal Funds Rate	5.51%	5.49%	5.60%	5.54%
3 Month Treasury	5.25%	5.41%	5.40%	5.57%
6 Month Treasury	4.92%	5.14%	5.26%	5.55%
2 Year Treasury	3.90%	4.29%	4.23%	4.95%
5 Year Treasury	3.65%	3.97%	3.84%	4.36%
10 Year Treasury	3.81%	4.09%	3.88%	4.19%
30 Year Treasury	4.10%	4.35%	4.03%	4.27%
US Aggregate	4.34%	4.64%	4.53%	5.07%
US Corporate	4.86%	5.14%	5.06%	5.72%
US Corporate High Yield	7.31%	7.59%	7.59%	8.60%
US Municipal	3.44%	3.58%	3.22%	3.83%
US Municipal High Yield	5.28%	5.42%	5.57%	5.93%

Spreads Over 10-Year US Treasuries

Date	8/23/2024	7/31/2024	12/29/2023	8/23/2023
30 Year Treasury	0.29%	0.26%	0.15%	0.08%
US Aggregate	0.53%	0.55%	0.65%	0.88%
US Corporate	1.05%	1.05%	1.18%	1.53%
US Corporate High Yield	3.50%	3.50%	3.71%	4.41%
US Municipal	-0.37%	-0.51%	-0.66%	-0.36%
US Municipal High Yield	1.47%	1.33%	1.69%	1.74%

Source: Bloomberg and U.S. Treasury as of August 23, 2024

Equity Markets Overview

- While more tepid than the strong rally of a week prior, the three major U.S. stock indexes all posted gains for the week, particularly following Fed Chair Powell's Friday remarks, with the S&P edging out the pack posting a 1.5% gain, followed by the NASDAQ up 1.4%, and then the Dow Jones increasing by 1.3%.
- All sectors were positive for the week, except the Energy sector, which posted a slight loss of -0.5%. The biggest winners were Real Estate, Materials, and Consumer Discretionary sectors posting 3.63%, 2.39%, and 2.1% gains for the week.
- From a size perspective, small- and mid-cap stocks outperformed their large-cap peers, which isn't unexpected considering these firms are typically more interest rate sensitive than large-cap companies.
- Looking at style performance, we see mixed results with growth outpacing value in small- and mid-caps but growth lagging value in large-cap stocks.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	1.6%	18.5%	9.2%	16.2%
Large-Cap	S&P 500	1.5%	19.2%	9.6%	16.5%
	S&P 500 Growth	1.3%	25.4%	7.6%	17.8%
	S&P 500 Value	1.7%	12.4%	11.0%	14.1%
Mid-Cap	S&P Midcap 400	2.9%	12.4%	6.0%	12.8%
	S&P Midcap 400 Growth	3.0%	16.3%	5.0%	12.3%
	S&P Midcap 400 Value	2.7%	8.3%	6.8%	12.8%
Small-Cap	S&P Smallcap 600	3.1%	8.3%	3.3%	11.3%
	S&P Smallcap 600 Growth	3.3%	11.7%	2.7%	11.2%
	S&P Smallcap 600 Value	2.9%	4.9%	3.8%	11.0%
Int'l.	MSCI ACWI ex-USA	2.1%	10.7%	2.3%	7.7%
	MSCI EM	0.7%	9.6%	-2.1%	5.0%

Source: Bloomberg as of August 23, 2024

Alternative Markets Overview

- On Wednesday, oil prices fell to their lowest levels since January before recovering slightly the remainder of the week and closing just under \$75/barrel.
- Gold posted a new all-time high on Tuesday, but closed the week just shy as the precious metal saw a slight gain of 0.34% on the week and continued its strong performance for the year.
- Bitcoin prices broke their recent streak of weekly declines and posted a strong 9.2% gain for the week as the price climbed from just shy of \$59k to just over \$64k. Despite remaining off its over \$70k all-time high, the cryptocurrency has enjoyed a 52.6% gain year-to-date.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	0.2%	5.9%	11.7%	8.8%
Gold	0.3%	22.9%	12.1%	10.6%
FTSE All Equity NAREIT	3.6%	10.1%	1.0%	5.1%
Bitcoin	9.2%	52.6%	10.0%	43.9%
Ethereum	4.7%	19.2%	-5.0%	69.9%

Source: Bloomberg as of August 23, 2024



Upcoming Week

- This week's economic releases relate to consumers (PCE Prices, Personal Income, Personal Spending, Consumer Confidence Index, and Consumer Sentiment Index), the housing market (S&P/Case Shiller 20-City Composite Home Price Index, Mortgage Applications Index, and Pending Home Sales), as well as general economic health (Q2 GDP second estimate and Weekly Unemployment Claims).
- Key Q2 earnings releases coming this week include Nvidia, Salesforce, and Ulta Beauty.

Glossary and Disclosures

This commentary is brought to you courtesy of MML Investors Services, a subsidiary of Massachusetts Mutual Life Insurance Company. Securities, investment advisory, and wealth management solutions offered by MML Investors Services, LLC member SIPC, a registered broker-dealer, and a registered investment adviser. Sage Advisors is not a subsidiary or affiliate of MML Investors Services, LLC or its affiliated companies.

Past performance is not indicative of future results. Indexes are unmanaged. You cannot invest directly in an index.

This material does not constitute a recommendation to engage in or refrain from a particular course of action. The information within has not been tailored for any individual. The opinions expressed herein are those of the author as of the date of writing and are subject to change. Also, this material may contain forward looking statements that are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied.

Neither MML Investors Services, LLC, nor its representatives, can assist with digital asset purchases or sales or otherwise provide investment advice concerning digital assets, such as cryptocurrencies. Any information provided is educational in nature and should not be relied upon to make digital asset related decisions.

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.

©2022 Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-0001 All Rights Reserved. www.massmutual.com

MM202708-310107