



# Capital Markets Snapshot

Courtesy of Sage Advisors

Week ending August 9, 2024

Last week, U.S. stocks experienced a volatile week as the prior week's selloff continued Monday before ending the week recovering most, but not all, of the lost ground. The main drivers of the market swings were Monday's sharp sell-off triggered by a global unwind of the yen carry trade, a surge in the VIX to the highest level since the pandemic, and fears of a recession signaled by an inverted yield curve and the Sahm/McKelvey rules triggering. However, markets recovered most of the losses in the following days, as the Bank of Japan signaled it would not raise rates amid market instability, and some positive economic data on services, jobless claims, and the Atlanta Fed's GDP forecast. The bond market also rallied, pushing the 10-year Treasury yield to an eight-month low- on Monday before rising slightly through the week.

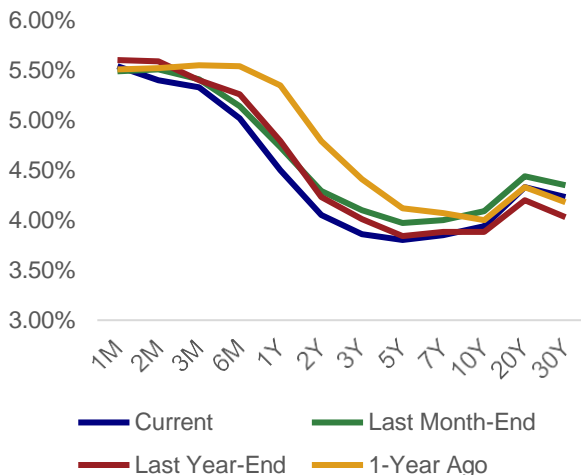
## Fixed Income Markets Overview

- After dipping during the recent selloff, yields increased during the week with 2-year Treasury yields up to 4.05% versus 3.88% last Friday and 10-year Treasury yields currently 3.94%, up from 3.8% last Friday.
- Markets expectations around potential rate cuts from the Fed remain high but began to ease some this week. As of Friday, Bloomberg forecasts currently suggest 100-125 basis points of cuts by the year-end.
- Since the beginning of July, rates have fallen sharply, with the 10-year Treasury yield declined from 4.45% to 3.78% between July 1 and August 5. During that time, the Bloomberg US Aggregate Bond Index gained 3.91%, providing a cushion for more balanced portfolios.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	-0.2%	3.1%	1.1%	1.4%
	US Treasury	-0.8%	2.2%	-2.5%	-0.4%
Core Plus	Intermediate Govt/Credit	-0.5%	2.9%	-0.5%	1.0%
	International Aggregate	-0.3%	0.7%	-4.4%	-1.5%
	US Aggregate	-0.8%	2.4%	-2.2%	0.1%
	US TIPS	-0.5%	2.6%	-1.3%	2.1%
	US Corporate	-0.8%	2.3%	-2.2%	0.8%
	US Corporate High Yield	0.3%	4.5%	2.3%	4.3%
Other	Emerging Markets Aggregate	-0.1%	4.6%	-1.5%	0.6%
Muni	US Municipals	-0.4%	1.0%	-0.6%	1.1%
	US Municipals High Yield	-0.9%	6.1%	0.4%	3.0%

Source: Bloomberg as of August 9, 2024

## U.S. Treasury Yield Curve



Source: Bloomberg and U.S Treasury as of August 9, 2024

## Interest Rates (%)

Date	8/9/2024	7/31/2024	12/29/2023	8/9/2023
Federal Funds Rate	5.54%	5.49%	5.60%	5.51%
3 Month Treasury	5.33%	5.41%	5.40%	5.55%
6 Month Treasury	5.02%	5.14%	5.26%	5.54%
2 Year Treasury	4.05%	4.29%	4.23%	4.79%
5 Year Treasury	3.80%	3.97%	3.84%	4.12%
10 Year Treasury	3.94%	4.09%	3.88%	4.00%
30 Year Treasury	4.23%	4.35%	4.03%	4.18%
US Aggregate	4.51%	4.64%	4.53%	4.88%
US Corporate	5.08%	5.14%	5.06%	5.54%
US Corporate High Yield	7.66%	7.59%	7.59%	8.47%
US Municipal	3.49%	3.58%	3.22%	3.66%
US Municipal High Yield	5.31%	5.42%	5.57%	5.80%

## Spreads Over 10-Year US Treasuries

Date	8/9/2024	7/31/2024	12/29/2023	8/9/2023
30 Year Treasury	0.29%	0.26%	0.15%	0.18%
US Aggregate	0.57%	0.55%	0.65%	0.88%
US Corporate	1.14%	1.05%	1.18%	1.54%
US Corporate High Yield	3.72%	3.50%	3.71%	4.47%
US Municipal	-0.45%	-0.51%	-0.66%	-0.34%
US Municipal High Yield	1.37%	1.33%	1.69%	1.80%

Source: Bloomberg and U.S. Treasury as of August 9, 2024

## Equity Markets Overview

- All three major indices fell for the week following Monday's sharp selloff. The S&P 500 fared the best closing the week only a few points off the prior Friday's close, while the Dow Jones fell the most closing the week down -0.6%.
- As volatility remains present in the markets, small and mid cap stocks fell 1.0% and 0.4% for the week, respectively, lagging their large cap peers. The recent rotation into value stocks may be coming to an end as the value indices lagged their growth peers across the market cap spectrum. The most pronounced being in the large cap space where growth posted a 0.4% gain while value fell -0.5% for the week.
- Sector performance continues to be mixed with Defensive sectors holding up better than their Sensitive and Cyclical peers as markets react to all the uncertainty across the globe. Industrials and Energy sectors led the pack posting 1.2% and 1.17% weekly gains, respectively, while Consumer Discretionary and Basic Materials brought up the rear falling -1.68% and -1.01%, respectively.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>All-Cap</b>	S&P 1500	-0.1%	12.3%	7.7%	14.3%
<b>Large-Cap</b>	S&P 500	0.0%	13.0%	8.1%	14.7%
	S&P 500 Growth	0.4%	17.7%	6.1%	15.7%
	S&P 500 Value	-0.5%	8.0%	9.5%	12.6%
<b>Mid-Cap</b>	S&P Midcap 400	-0.4%	6.5%	4.2%	10.8%
	S&P Midcap 400 Growth	-0.3%	10.2%	3.3%	10.4%
	S&P Midcap 400 Value	-0.6%	2.5%	5.0%	10.7%
<b>Small-Cap</b>	S&P Smallcap 600	-1.0%	2.4%	1.2%	9.2%
	S&P Smallcap 600 Growth	-0.9%	5.7%	0.6%	9.2%
	S&P Smallcap 600 Value	-1.1%	-0.9%	1.6%	8.9%
<b>Int'l.</b>	MSCI ACWI ex-USA	0.0%	4.5%	0.2%	6.3%
	MSCI EM	0.3%	5.8%	-3.9%	4.2%

Source: Bloomberg as of August 9, 2024

## Alternative Markets Overview

- Oil prices rose over 3% during the week as fears of further escalation in the Middle East increase supply risks.
- Bitcoin prices continue their recent slide, falling just over 3% last week. Considering it was down almost 15% between August 2nd and 5th, like the equity markets the cryptocurrency made up a lot of the ground lost during Monday's selloff.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	2.1%	5.8%	11.6%	8.4%
Gold	0.1%	19.4%	12.6%	10.4%
FTSE All Equity NAREIT	-0.2%	6.1%	0.1%	4.3%
Bitcoin	-3.1%	44.4%	10.0%	38.7%
Ethereum	-13.8%	12.5%	-6.2%	65.4%

Source: Bloomberg as of August 9, 2024



### Upcoming Week

- It will be a week full of important economic data, expect markets to be watching closely for any positive/negative surprises. We will be monitoring inflation data (Tuesday: Producer Price Index and Wednesday: Consumer Price Index), housing data (Wednesday: Mortgage Applications, Thursday: NAHB Housing Index, and Friday: Building Permits and Housing Starts), and consumer health (Thursday: Retail Sales and Friday: UM Consumer Sentiment)
- As second quarter earnings draws closer to a close, some key releases this week will come from Home Depot, Cisco Systems, and Walmart.

## 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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