



Capital Markets Snapshot

Courtesy of Sage Advisors

Week ending September 20, 2024

Last week, the Federal Reserve's cut interest rates by 50 basis points (bps) instead of the typical 25 bps, bringing the Federal Funds Rate to a range of 4.75%-5.00%. Chairman Powell explained they believed inflation will continue to decrease towards their 2% target and signs of a softening labor market supported their decision to begin cutting rates. While they explained more rate cuts would follow, they would not making timing/size commitments and explained they would closely monitor incoming data as they work to reduce their policy rate to a more neutral level. This decision was well-received by the equity markets, leading to new all-time highs for the S&P 500 and Dow Jones Industrial Average. The NASDAQ also saw a substantial increase, jumping 2.5% on Thursday following the Fed's announcement, but is still shy of its previous ATH.

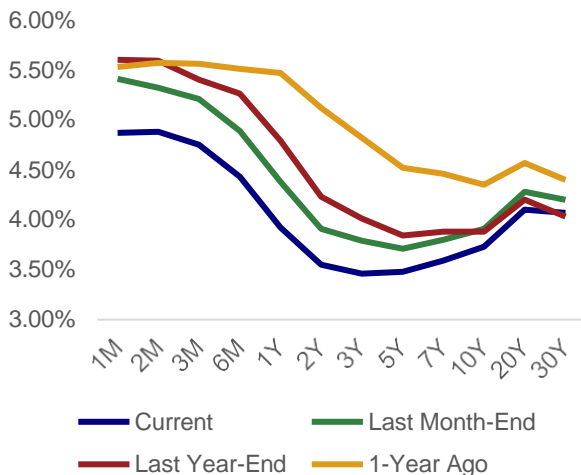
Fixed Income Markets Overview

- Following the Fed's decision, Treasury yields closed the week dropping for maturities 2-years and shorter while longer term rates saw a modest increase. The yield curve, which had been inverted since mid-2022, continues to normalize, evidenced by the 2-year Treasury yield remaining below the 10-year Treasury yield since September 4 with the spread widening each week.
- Bond market performance was pretty quiet on the news of the cutting cycle beginning, likely an indication the expectation of the rate cut was already priced in.
- Mortgage rates continue to fall, hovering just above 6%. Although mortgage rates are not directly influenced by the Federal Reserve's actions, the beginning of a new rate cutting cycle has many expecting mortgage rates to keep falling over the coming months and that further reductions are likely to stimulate more activity in the housing market.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.1%	4.4%	1.5%	1.7%
	Core Plus				
	Intermediate Govt/Credit	0.0%	4.8%	0.0%	1.4%
	International Aggregate	-0.2%	3.3%	-3.6%	-0.9%
	US Aggregate	-0.2%	4.7%	-1.7%	0.5%
	US Treasury	-0.3%	4.1%	-2.1%	0.0%
	US TIPS	0.1%	4.9%	-0.8%	2.6%
	US Corporate	0.1%	5.5%	-1.6%	1.3%
	US Corporate High Yield	0.8%	7.8%	3.0%	4.6%
Other	Emerging Markets Aggregate	0.5%	8.0%	-0.6%	1.3%
Muni	US Municipals	0.2%	2.2%	-0.2%	1.4%
	US Municipals High Yield	0.1%	7.4%	0.8%	3.1%

Source: Bloomberg as of September 20, 2024

U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of September 20, 2024

Interest Rates (%)

Date	9/20/2024	8/30/2024	12/29/2023	9/20/2023
Federal Funds Rate	4.87%	5.41%	5.60%	5.53%
3 Month Treasury	4.75%	5.21%	5.40%	5.56%
6 Month Treasury	4.43%	4.89%	5.26%	5.51%
2 Year Treasury	3.55%	3.91%	4.23%	5.12%
5 Year Treasury	3.48%	3.71%	3.84%	4.52%
10 Year Treasury	3.73%	3.91%	3.88%	4.35%
30 Year Treasury	4.07%	4.20%	4.03%	4.40%
US Aggregate	4.17%	4.42%	4.53%	5.24%
US Corporate	4.67%	4.94%	5.06%	5.86%
US Corporate High Yield	6.98%	7.30%	7.59%	8.60%
US Municipal	3.33%	3.45%	3.22%	3.91%
US Municipal High Yield	5.19%	5.29%	5.57%	5.92%

Spreads Over 10-Year US Treasuries

Date	9/20/2024	8/30/2024	12/29/2023	9/20/2023
30 Year Treasury	0.34%	0.29%	0.15%	0.05%
US Aggregate	0.44%	0.51%	0.65%	0.89%
US Corporate	0.94%	1.03%	1.18%	1.51%
US Corporate High Yield	3.25%	3.39%	3.71%	4.25%
US Municipal	-0.40%	-0.46%	-0.66%	-0.44%
US Municipal High Yield	1.46%	1.38%	1.69%	1.57%

Source: Bloomberg and U.S. Treasury as of September 20, 2024

Equity Markets Overview

- All three major domestic indices saw gains last week with the S&P and Dow Jones reaching ATHs. The Dow led the pack with a 1.7% gain, followed closely by the Nasdaq rising 1.5% , and the S& 500 increasing 1.4%.
- While the S&P was up for the week it was a mixed week for sectors. Healthcare, Consumer Staples, and Real Estate all fell between 0.5% and 1.3%. The biggest winners were Energy and Telecommunications sectors with gains of 3.8% and 3.7%, 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	1.5%	20.0%	10.8%	15.2%
Large-Cap	S&P 500	1.4%	20.8%	11.1%	15.6%
	S&P 500 Growth	1.6%	26.8%	8.8%	17.1%
	S&P 500 Value	1.1%	14.2%	12.9%	12.9%
Mid-Cap	S&P Midcap 400	2.3%	12.8%	7.4%	11.5%
	S&P Midcap 400 Growth	2.4%	16.3%	5.7%	11.3%
	S&P Midcap 400 Value	2.2%	9.1%	8.8%	11.3%
Small-Cap	S&P Smallcap 600	2.3%	8.7%	4.6%	9.8%
	S&P Smallcap 600 Growth	2.6%	11.8%	3.5%	10.0%
	S&P Smallcap 600 Value	2.0%	5.6%	5.4%	9.2%
Int'l.	MSCI ACWI ex-USA	1.0%	10.7%	2.6%	6.7%
	MSCI EM	2.3%	10.4%	-1.7%	4.1%

Source: Bloomberg as of September 20, 2024

Alternative Markets Overview

- Oil prices rose last week following the Federal Reserve's decision to cut rates. Other factors acting as a tailwind on prices are geopolitical tensions in the Middle East, supply disruptions from Hurricane Francine, and OPEC's decision to maintain production cuts; however, continued weakening demand from China may limit the potential for price increases.
- Gold continues its strong performance for the year posting a 1.4% gain and continuing to set new ATHs for the asset. Last week's bump brings its YTD gain to 27.7%, outpacing even large cap growth stocks for the year.
- Bitcoin continues to string some good weeks together, rising another 4.5% last week bringing its YTD gain to 50%. While the cryptocurrency remains below its previous ATH, it approached \$64,000 to end the week as it appeared to break above its recent \$60k resistance level.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	2.9%	5.2%	10.7%	7.3%
Gold	1.4%	27.7%	14.2%	11.8%
FTSE All Equity NAREIT	-1.0%	13.7%	2.1%	5.1%
Bitcoin	4.5%	50.0%	14.5%	44.1%
Ethereum	5.1%	10.3%	-4.2%	63.6%

Source: Bloomberg as of September 20, 2024



Upcoming Week

- It will be another light week for earnings releases as we near quarter-end two noteworthy releases include Micron, a memory chipmaker, and retail giant Costco Wholesale.
- As for economic releases, we will be monitoring the latest GDP estimate and PCE releases later in the week. Throughout the week, we will also see a number of datapoints on consumer health and sentiment as well as the housing market.

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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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