

MARKET VIEW WEEKLY

Philip Blancato, Chief Market Strategist, Osaic



ECONOMIC REVIEW¹

- Investors honed in on inflation data last week, parsing August figures for both the Consumer (CPI) and Producer Price Indices (PPI) – the last inflation readings ahead of the September Federal Reserve (Fed) meeting and interest rate decision on Wednesday.

Inflation Reading	Headline MoM	Headline YoY	Core MoM	Core YoY
CPI Aug. Data	0.20%	2.50%	0.30%	3.20%
PCE July Data	0.20%	2.50%	0.20%	2.60%
PPI Aug Data	0.20%	1.70%	0.30%	2.40%

- The Consumer Price Index (CPI) rose by 0.2% in August, matching consensus expectations.
 - CPI is up 2.5% from a year ago – the lowest level since the inflation uptrend began in early 2021, and importantly, the 6-month annualized change in the measure has reached the Fed’s 2% target.
- Core CPI prices, which exclude the volatile food and energy categories, came in slightly hotter than expected for the month (0.3% vs. 0.2% forecast), leaving the annual comparison unchanged from the previous reading at 3.2%.
 - Energy prices fell 0.8% last month (down 4.0% in the last year) contributing to the decline in the headline figure but not the core measure.
- Similarly, PPI increased 0.2% in August – slightly higher than the consensus expected increase of 0.1% – bringing the year-ago comparison to 1.7%.
 - Core PPI prices rose 0.3% last month and are up 2.4% in the last year – essentially unchanged from the 2.5% reading for the twelve months ending August 2023.

How does inflation data impact you?

- As mentioned earlier, these are the last, critical inflation readings influencing Federal Open Market Committee (FOMC) members in their decision on interest rates at this potentially pivotal September meeting.
- Headline prices easing to new three-year lows likely tees up the Fed to begin reducing interest rates this week.
 - The only questions that remain are whether officials begin easing policy with a 0.25% - or 0.50% cut, and how committee members forecast the path for interest rates through the end of the year.



A LOOK FORWARD¹

- This week, retail sales provide one last look at consumer health ahead of the September Fed meeting.
- Home builder confidence, housing starts, building permits, and existing home sales illuminate the housing market.

How do Retail Sales, Fed meetings, and housing data impact you?

- Aside from inflation data, consumer spending and the housing market are some of the most critical pieces of information affecting monetary policy.
- These data points will influence Fed decisions and could clarify whether a soft landing can be achieved.



MARKET UPDATE²

Market Index Returns as of 9/13/2024	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	4.06%	3.33%	19.13%	26.70%	9.88%	15.18%
NASDAQ	5.98%	-0.12%	18.43%	27.95%	6.39%	17.62%
Dow Jones Industrial Average	2.62%	6.26%	11.35%	20.88%	8.35%	11.02%
Russell Mid-Cap	3.17%	6.14%	11.40%	20.67%	3.96%	10.47%
Russell 2000 (Small Cap)	4.39%	6.86%	8.71%	18.65%	1.02%	8.15%
MSCI EAFE (International)	1.21%	4.53%	10.11%	17.88%	3.03%	7.35%
MSCI Emerging Markets	0.79%	0.42%	7.94%	13.03%	-3.25%	3.58%
Bloomberg Barclays US Agg Bond	0.51%	5.68%	4.93%	10.18%	-1.64%	0.68%
Bloomberg Barclays High Yield Corp.	0.40%	4.27%	6.97%	13.26%	2.62%	4.49%
Bloomberg Barclays Global Agg	0.41%	6.93%	3.55%	10.00%	-3.71%	-0.74%



OBSERVATIONS

- Stocks bounced back across nearly all major indices after one of their worst weekly performances all year the week before.
 - The NASDAQ (+5.98%) led major indexes, followed by the S&P 500 (+4.06%), and the Dow (+2.62%).
- Small-cap stocks (+4.39%) rebounded well, likely in anticipation of declining interest rates, which are particularly supportive of the asset class historically.
 - Mid-caps improved +3.17% on the week.
- Developed international (+1.21%) and emerging market equities (+0.79%) improved but lagged domestic indices.
- Bonds were positive domestically, internationally, and across the credit risk spectrum, climbing +0.51%, +0.41%, and +0.40%, respectively.



BY THE NUMBERS

- **Trump safe after being targeted in a second apparent assassination attempt:** West Palm Beach, Florida, the FBI is investigating what it said is an apparent assassination attempt on Donald Trump at his Florida golf club Sunday, the second time in two months there's been an apparent attempt on the former president's life. Trump is safe and was not harmed in the incident, his campaign said. Palm Beach County Sheriff Ric Bradshaw said during a Sunday news conference that his office was informed at 1:30 p.m. ET of shots fired by the Secret Service, when agents fired at a man who had a rifle in the bushes along the perimeter of the Trump International Golf Club. Trump had been playing golf at the time, moving between holes five and six, a source briefed on the matter told CNN. A Secret Service agent spotted a rifle barrel with a scope sticking out of the fence of the golf course and "immediately engaged" with the person, Bradshaw said. The agent who spotted the rifle, Bradshaw said, is part of a team that stays a hole or two ahead of Trump on the course. The person was 300 to 500 yards away from Trump, an official said. The person fled the scene in a car and was spotted by a witness, which ultimately helped law enforcement officials locate the vehicle driving north on I-95 in Martin County, one county to the north of Palm Beach.³
- **The College Football Rivalry Game That Has Become a Fight for Survival:** When Oregon State and Oregon meet on the gridiron, there's usually local bragging rights and university pride on the line. But this Saturday, when their rivalry game kicks off at Reser Stadium, the stakes are a bit more existential. These two opponents represent diverging paths in a college sports landscape increasingly separated into haves and have-nots. Oregon is hurtling toward a lucrative future, with a clear path to a potential playoff berth as one of the newest members of the Big Ten. Oregon State, meanwhile, is fighting for its life, having lost its conference, its coach, dozens of players and millions of dollars in the past year.⁴

Economic Definitions

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Federal Open Markets Committee: The FOMC holds eight regularly scheduled meetings per year. At these meetings, the Committee reviews economic and financial conditions, determines the appropriate stance of monetary policy, and assesses the risks to its long-run goals of price stability and sustainable economic growth.

Consumer Price Index CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

Producer Price Index - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Building Permits: This concept tracks the number of permits that have been issued for new construction, additions to pre-existing structures or major renovations. These statistics are based on the number of construction permits approved.

Housing Starts: Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

Existing Home Sales: This concept tracks the sales of previously owned homes during the reference period. Total existing home sales include single-family homes, townhomes, condominiums and co-ops. All sales are based on closings from Multiple Listing Services. Foreclosed homes are only counted in the inventory if the bank is working with a realtor. Foreclosed homes that sell via auction (or other closings outside of the Multiple Listing Services) are not included.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

Disclosures

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance cannot guarantee future results.

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¹ Data obtained from Bloomberg as of 9/13/2024

² Data obtained from Morningstar as of 9/13/2024

³ [Apparent assassination attempt of Trump being investigated by FBI | CNN Politics](#)

⁴ [The College Football Rivalry Game That Has Become a Fight for Survival \(msn.com\)](#)