

MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- The latest Consumer Price Index (CPI) report revealed headline inflation was hotter than expected on both a month over month (MoM) and year over year (YoY) basis, rising 0.2% and 2.4%, respectively.
 - The YoY reading declined compared to last month, but it was still higher than anticipated.
 - Services less energy continued to drive inflation as shelter and transportation services came in at 4.9% and 8.5% YoY, respectively.
- Core inflation, which excludes food and energy prices, rose 0.3% MoM and remains elevated at 3.3% YoY. Both the MoM and the YoY figures were above expectations.
 - The primary reason core inflation remained hot was the continued grind higher in transportation and medical care services.
 - This is the ninth straight month where core goods have deflated, with this being a more moderate drop than over the summer.
- The Producer Price Index came in cooler than expected on a MoM basis but higher than expected on a YoY basis. The headline came in flat MoM and 1.8% YoY.
 - Core came in at 0.2% MoM and 2.8% YoY.
- The recent Federal Open Markets Committee (FOMC) meeting minutes were released. They revealed a divergence among members favoring slower vs. more aggressive cuts, a continued focus on managing inflation, and the importance of supporting the labor market.²

How do inflation data and FOMC minutes impact you?

- This week's CPI and PPI reports showed inflation remains elevated, which suggests continued price pressures for consumers and businesses that could potentially impact spending and corporate profits. The FOMC minutes revealed that while the Fed is cautiously managing inflation, rate cuts will be gradual which will keep borrowing costs relatively high for a more extended period.



A LOOK FORWARD¹

- Next week, the economic calendar highlights September's US retail sales and housing market data.

How do US retail sales and housing market data impact you?

- US retail sales reflect consumer spending, a key driver of economic growth, with rising sales typically indicating strong consumer confidence in demand. Housing starts measure new residential construction, signaling the strength of the housing market and overall economic activity while building permits offer insight into future construction trends. Together, these indicators reveal the level of economic momentum, where strong readings suggest robust growth while weak results may point to slower economic growth or uncertainty.



MARKET UPDATE³

Market Index Returns as of 10/11/2024	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	1.13%	0.96%	23.25%	35.63%	11.88%	16.23%
NASDAQ	1.13%	0.86%	22.89%	36.15%	9.10%	18.83%
Dow Jones Industrial Average	1.22%	1.31%	15.42%	29.98%	9.85%	12.14%
Russell Mid-Cap	1.02%	0.80%	15.55%	31.24%	5.42%	11.61%
Russell 2000 (Small Cap)	0.99%	0.22%	11.42%	30.73%	1.46%	9.59%
MSCI EAFE (International)	0.25%	-2.00%	10.73%	21.67%	5.01%	7.67%
MSCI Emerging Markets	-1.66%	-0.94%	15.76%	23.54%	0.06%	5.31%
Bloomberg Barclays US Agg Bond	-0.46%	-1.46%	2.93%	10.72%	-1.77%	0.09%
Bloomberg Barclays High Yield Corp.	-0.31%	-0.48%	7.49%	16.00%	3.11%	4.65%
Bloomberg Barclays Global Agg	-0.61%	-2.18%	1.34%	10.00%	-3.57%	-1.25%



OBSERVATIONS

- Strong earnings reports from major banks boosted investor confidence, supporting positive results across the board for domestic equities, led by the Dow Jones Industrial Average (+1.22%), with the S&P 500 and the NASDAQ matching each other's performance for the week (+1.13%).
 - Mid-caps and small-caps mildly lagged their larger cap brethren, returning +1.02% and +0.99%, respectively.
- Developed international markets moderately underperformed on the week, returning +0.25%. Emerging markets had a challenging week against a stronger US dollar and ongoing economic struggles in China, returning -1.66%.
- Rising yields continue to pressure fixed-income instruments (bond prices move inversely to yields); U.S. bonds fell -0.46%, while international bonds fell -0.61%.
 - Credit spreads widened slightly, delivering a mild decline (-0.31%) for high-yield corporate credit.



BY THE NUMBERS

- **MLB Playoff TV Ratings Soar 41%:** As any veteran of Major League Baseball postseason play knows, momentum is a powerful thing and can greatly impact game outcomes. That also applies to the league's initial viewership of the 2024 playoffs, which has already been one of the most memorable in recent memory. Already enjoying the presence of the Dodgers superstar Shohei Ohtani in the playoffs for the first time, MLB, Fox, and TNT Sports collectively posted a 41% boost in viewership across the initial two days of the Division Series on Saturday and Sunday. Within that overall boost, Fox Sports averaged 3.64 million viewers for its first four National League Division Series games. That average is the highest mark through the second day of play in this playoff round since the network's FS1 channel began showing postseason baseball in 2014. TNT Sports, meanwhile, generated an average of 2.6 million viewers for its American League Division Series coverage Saturday, a pair of Game 1s that produced a 21% increase compared to the start of the round last year. Notably, Fox Sports and TNT Sports posted their viewership gains on Saturday, competing against a stacked slate of college football, and then for Fox Sports on Sunday, the NFL.⁴
- **Fitch says Hurricane Milton will push 2024 insured losses over \$100 billion:** Fitch Ratings said in a report published on Thursday that Hurricane Milton could cause up to \$50 billion in insured losses for Florida property owners, pushing insurers' estimated losses in the state over \$100 billion in 2024 alone. On Thursday morning, the Category 3 storm cut a destructive path across the Sunshine State, killing at least 10 people and leaving millions without power. But the state appears to have avoided the "worst-case scenario" outlined by analysts, which on Wednesday forecast as much as \$100 billion in insured losses from Milton alone. Now Fitch analysts are estimating Milton will lead to between \$30 billion and \$50 billion in insured losses, according to their report published Thursday, which noted it would be the largest insured loss since Hurricane Ian in 2022.⁵

Economic Definitions

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.

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.

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

Federal Open Market Committee (FOMC): The Federal Open Market Committee, or FOMC, is the Fed's chief body for monetary policy. 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.

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

Producer Prices - 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).

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.

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.

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¹ Data obtained from Bloomberg as of 10/11/2024.

² <https://www.federalreserve.gov/monetarypolicy/fomcminutes20240918.htm>

³ Data obtained from Morningstar as of 10/11/2024.

⁴ [MLB Playoff TV Ratings Soar 41% | Front Office Sports](#)

⁵ [Fitch says Hurricane Milton will push 2024 insured losses over \\$100 billion | Reuters](#)