

MARKET VIEW WEEKLY

Philip Blancato, Chief Market Strategist, Osaic



ECONOMIC REVIEW¹

- The Conference Board Consumer Confidence Index reached a nine-month high of 108.7, easily beating consensus expectations of 99.5.
 - This marked the largest monthly gain since March 2021 as higher stock and home prices, along with a more accommodative Federal Reserve (Fed) helped increase sentiment.
- Nonfarm payrolls increased by just 12,000 in October, far below the 113,000 jobs expected.
 - August and September's nonfarm payrolls were revised lower by 112,000 jobs.
 - The unemployment rate remained unchanged from September at 4.1%.
 - Job openings in September fell below expectations to 7.443 million and quits declined to 3.071 million.
- The advance reading of real Q3 GDP growth was 2.8%, which came in below expectations and Q2 growth of 3.0%.
 - Personal consumption expenditures and government spending were the largest positive contributors.
- Personal Consumption Expenditures Price Index (PCE) matched expectations at 0.2% month-over-month. The core reading, which excludes food and energy, increased 0.3%, also matching expectations.
 - On a year-over-year basis, headline PCE rose 2.1% and core PCE rose 2.7%.
 - Services inflation continues to be the primary driver of higher prices, while declining energy prices has contributed to a lower overall figure.

How does this most recent economic data impact you?

- The U.S. economy grew at a stable rate in the third quarter, led by strong consumer spending which increased 3.70% from the second quarter.
- A mixed labor report showed that although some of the job weakness in October can be attributed to labor strikes and hurricanes, the jobs market continues to trend lower and normalize.
- Headline inflation fell to its lowest level since 2021 and is an improvement for households that have struggled with higher prices. However, core inflation continues to remain elevated suggesting the battle against inflation is not over.



A LOOK FORWARD¹

- This week investors will be focused on the U.S. Presidential election, the Federal Reserve's (Fed) interest rate decision, and the Institute of Supply Management (ISM) Services Index.

How do the election, the Fed's interest rate decision, and ISM Services Index impact you?

- Presidential elections have historically been a 'non-event' for market returns, despite volatility typically increasing leading up to the election. Going back to 1980, there have only been two years (2000 and 2008), that the S&P 500 was not higher 100 days following election day.
- Markets are expecting the Fed to cut their policy rate by 25 bps on Thursday and will be interested to see how they interpret the risks of last week's weaker than expected jobs data along with core inflation remaining elevated over the last several months.
- ISM Services PMI data has seen a rebound recently and markets will want to see a continuation of that trend, which supports a soft-landing, given that the majority of the U.S. economy is services based.



MARKET UPDATE²

Market Index Returns as of 11/1/2024	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-1.35%	-0.50%	21.47%	34.60%	9.03%	15.14%
NASDAQ	-1.50%	0.30%	22.21%	38.23%	6.08%	17.75%
Dow Jones Industrial Average	-0.15%	-0.57%	13.28%	26.73%	7.44%	11.27%
Russell Mid-Cap	-0.76%	-0.61%	13.94%	31.60%	3.15%	10.66%
Russell 2000 (Small Cap)	0.11%	-0.84%	10.23%	30.80%	-0.76%	8.26%
MSCI EAFE (International)	-1.05%	-5.31%	7.00%	19.56%	2.42%	6.15%
MSCI Emerging Markets	-1.21%	-4.21%	11.94%	23.53%	-1.33%	3.84%
Bloomberg Barclays US Agg Bond	-0.61%	-2.92%	1.40%	8.33%	-2.37%	-0.29%
Bloomberg Barclays High Yield Corp.	0.02%	-0.48%	7.48%	14.76%	2.99%	4.53%
Bloomberg Barclays Global Agg	-0.54%	-3.61%	-0.14%	7.92%	-4.21%	-1.68%



OBSERVATIONS

- The three major large-cap stock indices fell for the week after processing important economic data, Big Tech earnings, and uncertainty surrounding the November 5th election. The Nasdaq led the decline after selling off on the last day of October and closed the week down -1.50%. The S&P 500 and Dow Jones also declined on the week, posting returns of -1.35% and -0.15%, respectively.
- Small-cap stocks were the best performer for the week with a 0.11% return and outperformed their large cap counterparts. Mid-cap stocks posted a negative return and fell -0.76% on the week.
- International stocks also declined but outperformed the S&P 500 and Nasdaq. Developed markets declined -1.05%, and emerging markets posted a return of -1.21%.
- Fixed income indices were mostly negative last week as bond yields continued moving higher. The U.S. Aggregate Bond Index fell -0.61% while the Global Aggregate Bond Index declined -0.54%. The less interest rate sensitive High Yield Corporate Index finished almost flat for the week with a 0.02% return.



BY THE NUMBERS

- **Nvidia to Take Intel's Spot on Dow Jones Industrial Average:** Intel (INTC) will be replaced by Nvidia (NVDA) on the blue-chip Dow Jones Industrial Average Index after a 25-year run, underscoring the shift in the chipmaking market and marking another setback for the struggling semiconductor firm. Once the dominant force in chipmaking, Intel has in recent years ceded its manufacturing edge to rival Taiwan Semiconductor Manufacturing Company Limited (TSMC) and missed out on the generative artificial intelligence boom after missteps including passing on an investment in ChatGPT-owner OpenAI. Intel's shares have declined 54% this year, making the company the worst performer on the index and leaving it with the lowest stock price on the price-weighted Dow. "Losing the status of Dow Jones inclusion would be another reputational blow for Intel, as it grapples with a painful transformation and loss of confidence," said Susannah Streeter, head of money and markets at Hargreaves Lansdown. The company is worth less than \$100 billion for the first time in 30 years. That pales in comparison to Nvidia, which is sitting at a \$3.32 trillion valuation, making it the world's second-most valuable company.³
- **Trump, Harris Neck and Neck in Battleground States with 48 hours until Election Day:** A new series of polls released Sunday show former President Trump and Vice President Harris are neck and neck in seven battleground states with less than 48 hours to go until Election Day. The New York Times/Siena College polls of likely voters show Trump and Harris are tied in Pennsylvania and Michigan. In Arizona, Trump is leading Harris 49-45%, while Harris is ahead of Trump 49-46% in Nevada, 49-47% in Wisconsin, 48-46% in North Carolina, and 48-47% in Georgia. Across all the battleground states, 24% of the likely voters said the economy – which includes jobs and the stock market – is their top issue, followed by abortion with 18% and immigration with 15%.⁴

Economic Definitions

Conference Board Consumer Confidence Index: The Consumer Confidence Survey® reflects prevailing business conditions and likely developments for the months ahead. This monthly report details consumer attitude, buying intentions, vacation plans and consumer expectation for inflation, stock prices and interest rates. Data are data available by age, income, region and top 8 states.

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

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

ISM Services Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc. Target Audience: supply management professionals Sample Size: 300 individuals Date of Survey: through the month The Services Index is a composite index of four indicators with equal weights: Business Activity, New Orders, Employment and Supplier Deliveries. An index reading above 50% indicates an expansion and below 50% indicates a decline in the non-manufacturing economy. Whereas per Supplier Deliveries Index, above 50% indicates slower deliveries and below 50% indicates faster deliveries.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

PCE (headline and core): PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

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.

The statements provided herein are based solely on the opinions of the Osaic Research Team and are being provided for general information purposes only. Neither the information nor any opinion expressed constitutes an offer or a solicitation to buy or sell any securities or other financial instruments. Any opinions provided herein should not be relied upon for investment decisions and may differ from those of other departments or divisions of Osaic Wealth, Inc., or its affiliates. Certain information may be based on information received from sources the Osaic Research Team considers reliable; however, the accuracy and completeness of such information cannot be guaranteed.

Certain statements contained herein may constitute "projections," "forecasts" and other "forward-looking statements" which do not reflect actual results and are based primarily upon applying retroactively a hypothetical set of assumptions to certain historical financial information. Any opinions, projections, forecasts and forward-looking statements presented herein reflect the judgment of the Osaic Research Team only as of the date of this document and are subject to change without notice. Osaic has no obligation to provide updates or changes to these opinions, projections, forecasts and forward-looking statements. Osaic is not soliciting or recommending any action based on any information in this document.

Securities and investment advisory services are offered through the firms: Osaic Wealth, Inc., Osaic Institutions, Inc., Osaic FA, Inc., and Osaic FS, Inc. broker-dealers, registered investment advisers, and members of FINRA and SIPC. Securities are offered through Ladenburg Thalmann & Co., broker-dealer and member of FINRA and SIPC. Advisory services are offered through Arbor Point Advisors, LLC, Ladenburg Thalmann Asset Management, Inc., and Osaic Advisory Services, LLC., registered investment advisers. Advisory programs offered by Osaic Wealth, Inc. are sponsored by VISION2020 Wealth Management Corp., an affiliated registered investment adviser. 7258360

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

² Data obtained from Morningstar as of 11/1/2024.

³ [Nvidia to take Intel's spot on Dow Jones Industrial Average | Reuters](#)

⁴ [Trump, Harris neck and neck in battleground states with under 48 hours until Election Day, polls find](#)