

## Equities

U.S. stocks ticked higher despite the 10-year Treasury yield rising back above 4%, with the S&P 500 closing at a new record high. Nvidia surged 7.9% as the company announced its new Blackwell chip is sold out for the next year, and rival AMD's product release disappointed somewhat. Banks gained Friday as JPMorgan reported strong results across all major businesses, most important of which was resilient NII. We'll have a better understanding of banking sector health after the bulk of banks report this week. Outside the U.S., stocks in China retraced some of their incredible gains, declining -6.9% last week. Meanwhile, higher U.S. rates was a welcome development for Japanese stocks as the Yen weakened.

## Fixed income

Yields crept higher across the curve with the 10-year testing as high as 4.11% before finishing at 4.10%, almost 40bps higher than before the September 18 Fed rate cut. Markets are still expecting 50 bps of rate cuts across the remaining two meetings in 2024, but expectations for next year have moved significantly, with markets now looking for about 6 rate cuts vs 10 rate cuts a month ago.

## Commodities

Crude oil prices held steady around \$75/bbl during a relatively uneventful week in the Middle East. Industrial metals, which had been a top beneficiary of Chinese stimulus announcements, reversed some gains as traders remain skeptical whether the measures will boost real economic activity. Gold has been remarkably resilient amid a sharp rise in rates, trading roughly flat last week.

## Economic overview

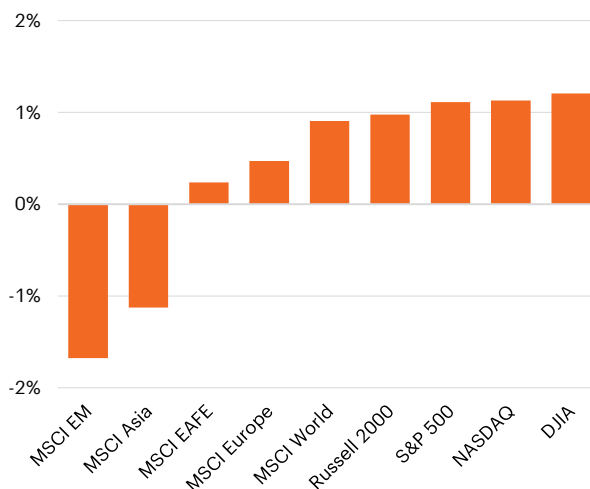
Consumer prices rose unexpectedly in September for the second month in a row. The headline 0.2% m/m gain pulled inflation down to 2.4% y/y from 2.5% in August. Excluding food and energy, the 0.3% m/m gain was enough to cause core inflation to notch up to 3.3% y/y. Rents were not the key driver, for once. Instead, higher medical costs, new/used auto prices, airfare and apparel all colluded to keep inflation stubbornly high. Initial jobless claims jumped to 258,000 due to disruptions from Hurricane Helene. We would expect the natural disasters to impact jobs and other economic data throughout October. The University of Michigan consumer sentiment survey slid to 68.9 in October.

| Equities (price index) |           | MTD    | QTD    | YTD    | 2023   |
|------------------------|-----------|--------|--------|--------|--------|
| S&P 500                | 5,815.03  | 0.91%  | 0.91%  | 21.91% | 24.23% |
| DJIA                   | 42,863.86 | 1.26%  | 1.26%  | 13.73% | 13.70% |
| NASDAQ                 | 18,342.94 | 0.85%  | 0.85%  | 22.19% | 43.42% |
| Russell 2000           | 2,234.41  | 0.20%  | 0.20%  | 10.23% | 15.09% |
| MSCI World             | 3,731.93  | 0.24%  | 0.24%  | 17.76% | 21.77% |
| MSCI Europe            | 2,179.91  | -2.05% | -2.05% | 7.89%  | 16.68% |
| MSCI EAFE              | 2,418.74  | -2.02% | -2.02% | 8.16%  | 15.03% |
| MSCI Asia              | 192.54    | -1.28% | -1.28% | 13.67% | 8.76%  |
| MSCI EM                | 1,159.56  | -0.96% | -0.96% | 13.27% | 7.04%  |
| VIX                    | 20.46     | 3.73   | 3.73   | 8.01   | -9.22  |

| Fixed income (total return index) |          | MTD    | QTD    | YTD   | 2023   |
|-----------------------------------|----------|--------|--------|-------|--------|
| Barclays U.S. Agg                 | 2,225.29 | -1.46% | -1.46% | 2.93% | 5.53%  |
| Inv. grade bonds                  | 3,348.69 | -1.29% | -1.29% | 3.96% | 8.52%  |
| High yield bonds                  | 2,665.68 | -0.48% | -0.48% | 7.49% | 13.45% |
| Leveraged Loans                   | 3,991.07 | 0.48%  | 0.48%  | 7.05% | 13.32% |

| Alternatives (total return index) |           | MTD    | QTD    | YTD    | 2023    |
|-----------------------------------|-----------|--------|--------|--------|---------|
| FTSE NAREIT                       | 26,553.72 | -2.83% | -2.83% | 10.99% | 11.36%  |
| REIT Index                        |           |        |        |        |         |
| GS Commodity Index                | 559.64    | 5.02%  | 5.02%  | 4.48%  | -12.20% |
| Alerian MLP Index                 | 2,271.24  | 1.56%  | 1.56%  | 20.40% | 26.56%  |

## Last week's equity returns



| Commodities |         | MTD    | QTD    | YTD    | 2023    |
|-------------|---------|--------|--------|--------|---------|
| WTI Crude   | \$75.56 | 10.84% | 10.84% | 5.46%  | -10.73% |
| Brent Crude | \$79.04 | 10.13% | 10.13% | 2.60%  | -10.32% |
| Natural Gas | \$2.63  | -9.96% | -9.96% | 4.69%  | -43.82% |
| Gold        | \$2,658 | 0.82%  | 0.82%  | 28.27% | 13.45%  |

## Currency

| Currency           |        | MTD    | QTD    | YTD    | 2023    |
|--------------------|--------|--------|--------|--------|---------|
| Dollar Index (DXY) | 102.89 | 2.09%  | 2.09%  | 1.54%  | -2.11%  |
| USDCNY             | 7.07   | 0.69%  | 0.69%  | -0.47% | 2.92%   |
| Bitcoin            | 63,002 | -1.23% | -1.23% | 48.21% | 157.01% |

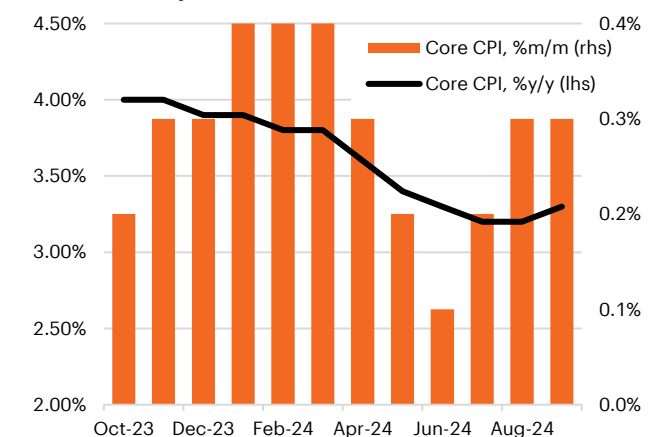
## Spreads

| Spread           | MTD     | QTD     | YTD     | 2023    |
|------------------|---------|---------|---------|---------|
| Inv. grade bonds | 81 bps  | -8 bps  | -8 bps  | -31 bps |
| High yield bonds | 294 bps | -1 bps  | -1 bps  | -29 bps |
| Leveraged loans  | 414 bps | -9 bps  | -9 bps  | -45 bps |
| Emerging markets | 232 bps | -15 bps | -15 bps | -65 bps |

## Interest rates

| Interest Rate     | MTD    | QTD     | YTD     | 2023    |
|-------------------|--------|---------|---------|---------|
| Fed Funds Target  | 4.875% | 5.375%  | 5.375%  | 4.38%   |
| SOFR              | 4.82%  | -14 bps | -14 bps | -56 bps |
| 2-year Treasury   | 4.85%  | 0 bps   | 0 bps   | -74 bps |
| 10-year Treasury  | 3.96%  | 31 bps  | 31 bps  | -29 bps |
| 30-year Treasury  | 4.10%  | 32 bps  | 32 bps  | 22 bps  |
| Barclays U.S. Agg | 4.41%  | 29 bps  | 29 bps  | 38 bps  |
| Inv. grade bonds  | 4.50%  | 27 bps  | 27 bps  | -3 bps  |
| High yield bonds  | 4.93%  | 21 bps  | 21 bps  | -13 bps |

## Core inflation proves stubborn



Source: Bloomberg Finance, as of October 10, 2024.

## Equities

**S&P 500:** Leading single benchmark of large-cap U.S. equities, representing approximately 500 of the largest U.S. companies. **Dow Jones Industrial Average:** Price-weighted measure of 30 U.S. blue-chip companies. **NASDAQ:** Stock market index of stocks listed on the NASDAQ. Index is heavily weighted toward technology companies. **Russell 2000:** Index measuring performance of approximately 2,000 small-cap U.S. equities. **MSCI World Index:** Broad global equity benchmark including both developed and emerging markets. **MSCI Europe Index:** Equity benchmark that measures the performance of large and mid-cap equities across 15 developed countries in Europe. **MSCI EAFE Index:** Equity benchmark that represents the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East. **MSCI Asia Index:** Equity benchmark that captures large and mid-cap representation across developed market countries and emerging market countries in Asia. **MSCI Emerging Markets Index:** Equity benchmark representing 24 developing or emerging market countries, representing 10% of world market cap. For more info on these MSCI indices, visit MSCI.com. **CBOE Volatility Index (VIX):** Key measure of market expectations of near-term volatility conveyed by S&P 500 stock option price.

## Credit

**Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment-grade, fixed-rate bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market.

## Alternatives

**FTSE NAREIT All Equity REITs Index:** Free-float adjusted market cap-weighted index that includes all tax-qualified REITs listed in the NYSE, AMEX, and NASDAQ. **S&P GSCI:** First major investable commodity index. It is one of the most widely recognized benchmarks that is broad-based and production-weighted to represent the global commodity market beta. **Alerian MLP Index:** Leading gauge of energy MLPs, representing about 85% of total industry market cap. **HFRX Global Hedge Fund Index:** Index designed to be representative of the overall composition of the hedge fund universe, comprised of all eligible hedge fund strategies.

## Commodities

**Generic 1st Crude Oil (WTI Crude):** Front-month West Texas Intermediate Crude Oil futures. **Generic 1st Brent Crude Oil (Brent Crude):** Front-month Brent Crude futures. **Generic 1st Natural Gas:** Front-month natural gas futures. **Generic 1st Gold, 100 oz:** Front-month gold (100 oz) futures.

## Currency

**Dollar Spot Index:** Indicates the general international value of the USD by averaging the exchange rates between the USD and major world currencies. **USDCNY:** price of 1 USD in CNY (the Chinese renminbi, or yuan). **Bitcoin:** price of 1 Bitcoin in USD.

## Spreads

**Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **Bloomberg S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market. **Barclays EM USD Aggregate Index:** Flagship hard currency emerging market debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign and corporate EM issuers.

## Interest rates

**Fed funds target:** Target rate for the federal funds policy rate, set by the Federal Reserve each meeting. This rate is an “overnight rate,” i.e., it is the rate charged by depository institutions (banks) to each other for overnight loans. **SOFR:** Secured Overnight Financing Rate (SOFR) measures the cost of borrowing cash overnight collateralized by Treasuries. **ICE 3-Month London Interbank Offered Rate (LIBOR):** Average interest rate at which leading banks borrow funds of a sizable amount from other banks in the London market. LIBOR is the most widely used “benchmark” or reference rate for short-term interest rates. **Treasury rates:** Market yields for U.S. Treasury securities with maturities of 2, 10 and 30 years. **Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market.

**Sources:** Bureau of Labor Statistics (BLS), Department of Labor, Bureau of Economic Analysis (BEA), International Monetary Fund (IMF), OECD, Federal Reserve, Institute for Supply Management (ISM), Mortgage Bankers Association (MBA), U.S. Census Bureau, Standard & Poor's, Bank of America Merrill Lynch, Bloomberg, Macrobond.

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