WEEKLY MARKET UPDATE | SEPTEMBER 13, 2024

Stocks rise on hopes that Fed gets to the point.

The economy

- Major U.S. equity market indexes moved significantly higher during the week ending September 13. Signs of a continued slowdown in inflation bolstered investors' confidence that the Federal Reserve (Fed) will cut interest rates at its meeting next Tuesday and Wednesday. At the end of the week, CME's FedWatch Tool, which provides a gauge of the markets' expectations of potential changes to the federal-funds target rate while assessing potential Fed monetary policy actions at Federal Open Market Committee (FOMC) meetings, implied a 51% chance that the central bank will implement a rate cut of 25 basis points (0.25%) to a range of 5.00-5.25% following its meeting next week, and a 49% likelihood of a 50-basis-point reduction to a range of 4.75-5.00%.
- According to the Department of Labor, the consumer-price index (CPI) rose 0.2% in August, matching the upturn in July. The 2.5% year-over-year advance in the index was down from the 2.9% annual rise in July, and represented the smallest annual increase since February 2021. Housing costs were up 0.5% and 5.2% in August and year-over-year, respectively. Transportation increased 0.9% for the month and 7.9% versus the same period in 2023. Conversely, prices for fuel oil declined 1.9% for the month and 12.1% year-over-year, while gasoline prices fell 0.6% and 10.3% for the respective periods. The 3.2% rolling 12-month rise in core inflation in August, as measured by the CPI for all items less food and energy, was unchanged from the annual rise in July, which was the smallest year-over-year increase since April 2021.
- Regarding inflation at the wholesale level, the Department of Labor announced that the producer-price index (PPI), which tracks the average change over time in selling prices received by domestic producers of goods and services, increased 0.2% in August, up marginally from the 0.2% rise in July and in line with expectations. The PPI's 1.7% advance over the previous 12-month period represented a notable decline from the 2.2% annual upturn in July. Core wholesale inflation, as measured by the PPI less food, energy, and trade services, rose 0.3% in August, matching the increase in July. The index was up 3.3% for the previous 12-month period, an uptick from the 3.2% year-over-year increase in July.
- The Department of Labor also reported that initial unemployment insurance claims, a barometer of the health of the labor market, rose 2,000 to 230,000 during the week ending September 7, meeting market expectations. The total represented an increase from the 227,000 claims filed during the same week in 2023. The four-week moving average of initial claims ticked up 500 week-over-week to 230,750, but dipped 1,750 from the four-week average of 232,500 a year earlier.
- The Fed announced that U.S. household debt grew at an annual rate of 6.0% in July (the most recent reporting period)—up sharply from the 12-month rise of 1.2% in June. Revolving credit, which includes credit cards, jumped 9.4% year-over-year in July following a 0.3% annual decrease for the previous month. Nonrevolving debt, comprising motor vehicle loans and other loans not included in revolving credit, was up 4.8% year-over-year in July. Should the U.S. economy slip into recession, the high level of consumer debt could lead to more delinquencies in credit payments and a rise in personal bankruptcy filings.

Stocks

- Global equities recorded gains for the week. Developed markets outperformed emerging markets.
- U.S. stocks advanced for the week. Information technology and consumer discretionary were the top-performing sectors, while energy and financials were the main market laggards.
- Growth stocks led value, while small caps outperformed large caps.

Bonds

- The 10-year U.S. Treasury note yield fell to 3.66% during the week.
- Global bond markets were virtually flat for the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of September 13, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	2.4%	13.0%	19.8%	821.6
MSCI EAFE ($)	0.2%	6.8%	13.7%	2388.2
MSCI Emerging Mkts ($)	0.1%	5.1%	9.5%	1075.6
US & Canadian Equities				
Dow Jones Industrials ($)	2.6%	9.8%	18.6%	41393.8
S&P 500 ($)	4.0%	18.0%	24.9%	5626.0
NASDAQ ($)	6.0%	17.8%	27.0%	17684.0
S&P/ TSX Composite (C$)	3.5%	12.5%	14.6%	23568.7
UK & European Equities				
FTSE All-Share (£)	1.2%	6.9%	8.3%	4522.5
MSCI Europe ex UK (€)	1.4%	6.6%	10.7%	1795.9
Asian Equities				
Topix (¥)	-1.0%	8.7%	6.9%	2571.1
Hong Kong Hang Seng ($)	-0.4%	1.9%	-3.8%	17369.1
MSCI Asia Pac. Ex-Japan ($)	0.3%	7.0%	11.9%	566.1
Latin American Equities				
MSCI EMF Latin America ($)	0.4%	-17.4%	-8.3%	2200.8
Mexican Bolsa (peso)	1.8%	-9.4%	0.5%	51993.5
Brazilian Bovespa (real)	0.2%	0.5%	13.0%	134882.0
Commodities ($)				
West Texas Intermediate Spot	1.9%	-3.7%	-23.5%	69.0
Gold Spot Price	3.8%	25.1%	35.3%	2584.4
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-0.1%	3.0%	9.5%	485.8
JPMorgan Emerging Mkt Bond	0.3%	6.9%	14.3%	906.9
10-Year Yield Change (basis points*)				
US Treasury	-5	-22	-63	3.66%
UK Gilt	-12	24	-51	3.77%
German Bund	-2	13	-44	2.15%
Japan Govt Bond	-1	23	13	0.85%
Canada Govt Bond	-6	-21	-79	2.90%
Currency Returns**				
US$ per euro	-0.1%	0.3%	4.1%	1.108
Yen per US$	-1.0%	-0.1%	-4.4%	140.92
US$ per £	0.0%	3.1%	5.8%	1.313
C$ per US$	0.1%	2.6%	0.6%	1.359

Source: Bloomberg. Equity-index returns are price only, others are total returns.
*100 basis points = 1 percentage point.
**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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