WEEKLY MARKET UPDATE | SEPTEMBER 27, 2024

Stocks get a PCE-ful easy feeling.

The economy

- U.S. stocks posted gains during the week ending September 27, encouraged by largely better-than-expected economic data—including the Federal Reserve's (Fed) preferred inflation gauge. A combination of lower-than-expected jobless claims, strong second-quarter growth, and cooler-than-expected inflation data boosted investors' optimism that the Fed could continue its rate-easing cycle while guiding the economy to a soft landing. These positive economic developments led investors to shrug off a sharp drop in consumer confidence in the month of September. News of economic stimulus out of China also drove shares higher. Over the week, the Dow Jones Industrial Average and the broad-market S&P 500 Index reached new record highs.
- The Department of Commerce reported that the personal-consumption-expenditures (PCE) price index rose 0.1% in August, down marginally from the 0.2% rise in July. The index's annual increase of 2.2% was a sharp step down from July's 2.5% reading. The PCE price index, widely considered the Fed's preferred inflation reading, measures the prices that consumers pay for goods and services to reveal underlying inflation trends. Food prices increased 0.1% and 1.1% in August and over the previous 12 months, respectively. Prices for energy goods and services decreased 0.8% in August and 5.0% year over year. The core PCE price index, which excludes volatile food and energy prices, rose 0.1% in August, down from the 0.2% increase seen in June and July. The year-over-year advance of 2.7% was marginally higher than the 2.6% reading in July, in line with market expectations.
- The Conference Board's Consumer Confidence Index® fell to 98.7 in September, down from August's revised figure of 105.6—its largest decline since August 2021. The Conference Board noted that the drop in confidence was most pronounced among consumers aged 35 to 54. The index dipped into negative territory; a reading below 100 signals a decrease in consumer confidence regarding the future economic situation. The Expectations Index, an indicator of consumers' short-term outlook for income, business, and labor market conditions, fell 4.6 points to 81.7 in September, but remained above 80. A reading below 80 suggests that consumers believe there will be a recession in the U.S. over the next 12 months. The Present Situation Index, which reflects consumers' views of current conditions in the business and labor markets, decreased 10.3 points to 124.3.
- Meanwhile, in China, authorities announced a raft of new stimulus measures throughout the week, dubbed a "policy bazooka" by some market observers, in hopes of turning around the world's second-largest economy. On Tuesday, the People's Bank of China, the nation's central bank, announced reductions in key interest rates and reserve requirements for banks (among other policy actions), following up with a 20-basis-point (0.20%) decrease in the one-year policy loan lending rate on Wednesday. Moreover, on Thursday, China's political leaders, including President Xi Jinping, made a statement vowing fiscal support for China's economy. Over the week, stocks in Asia rallied on the news, with the Shanghai Shenzhen CSI 300 Index, a market capitalization-weighted index that includes the largest companies on the Shanghai and Shenzhen stock markets, notching its best single-day performance since July 2020 and its best weekly performance since 2008. Chinese markets are closed from October 1-7 in observance of the National Day Golden Week holiday.

Stocks

- Global equities garnered positive returns for the week. Emerging markets outperformed developed markets.
- Major U.S. equity market indexes moved higher for the week. Materials and consumer discretionary were the top-performing sectors, while health care and energy were the main market laggards.
- Value stocks led growth, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 3.75% during the week.
- Global bond markets were positive for the week.
- Government bonds led the markets, followed by corporate bonds and high-yield bonds.

The Numbers as of September 27, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	1.6%	17.0%	29.5%	850.7
MSCI EAFE ($)	2.5%	10.9%	22.5%	2480.3
MSCI Emerging Mkts ($)	5.1%	13.6%	23.2%	1163.4
US & Canadian Equities				
Dow Jones Industrials ($)	0.6%	12.3%	25.7%	42313.0
S&P 500 ($)	0.6%	20.3%	33.5%	5738.2
NASDAQ ($)	1.0%	20.7%	37.3%	18119.6
S&P/ TSX Composite (C$)	0.4%	14.3%	22.3%	23956.8
UK & European Equities				
FTSE All-Share (£)	1.2%	7.6%	10.6%	4555.4
MSCI Europe ex UK (€)	2.5%	9.7%	17.2%	1847.1
Asian Equities				
Topix (¥)	3.7%	15.8%	16.9%	2740.9
Hong Kong Hang Seng ($)	13.0%	21.0%	18.8%	20632.3
MSCI Asia Pac. Ex-Japan ($)	4.8%	15.7%	25.7%	612.1
Latin American Equities				
MSCI EMF Latin America ($)	2.0%	-14.8%	-0.3%	2269.4
Mexican Bolsa (peso)	1.1%	-8.0%	2.4%	52778.2
Brazilian Bovespa (real)	1.3%	-1.1%	14.7%	132730.4
Commodities ($)				
West Texas Intermediate Spot	-5.9%	-5.6%	-26.2%	67.7
Gold Spot Price	1.0%	28.3%	42.3%	2651.9
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.1%	3.4%	12.1%	487.5
JPMorgan Emerging Mkt Bond	-0.1%	7.8%	18.2%	914.7
10-Year Yield Change (basis points*)				
US Treasury	1	-13	-82	3.75%
UK Gilt	8	45	-51	3.98%
German Bund	-7	11	-80	2.13%
Japan Govt Bond	0	24	9	0.85%
Canada Govt Bond	0	-15	-112	2.96%
Currency Returns**				
US$ per euro	0.0%	1.1%	5.6%	1.116
Yen per US$	-1.1%	0.8%	-4.8%	142.21
US$ per £	0.4%	5.1%	9.6%	1.337
C$ per US$	-0.4%	2.1%	0.2%	1.352

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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