Stocks bank on earnings.

The economy

- U.S. stocks posted gains during the week ending October 11, as better-than-expected earnings from several large banks, along with investors' carryover optimism about generally positive economic news released earlier this month, offset concerns regarding relatively disappointing inflation and labor market data. The Dow Jones Industrial Average, the broad-market S&P 500 Index, and the tech-heavy Nasdaq Composite Index all closed at record highs on Friday.
- The pace of disinflation slowed in September. The Department of Labor reported that the consumer-price index (CPI) rose 0.2% during the month, matching the upturns in the previous two months. The slightly higher-than-expected 2.4% year-over-year advance in the index was down marginally from the 2.5% annual rise in August. Housing costs were up 0.2% and 4.9% in September and year-over-year, respectively. Transportation increased 1.4% for the month and 8.5% versus the same period in 2023. Conversely, prices for fuel oil tumbled 6.0% in September and 22.4% year-over-year, while gasoline prices fell 4.1% and 15.3% for the respective periods. The 3.3% rolling 12-month rise in core inflation in September, as measured by the CPI for all items less food and energy, was up 0.1 percentage point from the 3.2% annual rise in August.
- 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, was flat in September, down from the 0.2% rise in August. The PPI's 1.8% advance over the previous 12-month period represented an uptick from the 1.7% annual upturn in August. Core wholesale inflation, as measured by the PPI less food, energy, and trade services, edged up 0.1% in September, down from the 0.2% increase during the previous month. The index rose 3.2% for the previous 12-month period, marginally lower than the 3.3% year-over-year increase in August.
- According to the Department of Labor, initial unemployment insurance claims, a barometer of the health of the labor market, surged by 33,000 to 258,000 during the week ending October 5—the highest level in 14 months. Additionally, the total represented a substantial increase from the 211,000 claims filed during the same week in 2023. The four-week moving average of initial claims rose 6,750 week-over-week to 231,000, and was up 18,500 from the four-week average of 212,500 a year earlier.
- Minutes from the Federal Open Market Committee's (FOMC) September 17-18 meeting, released on Wednesday, revealed that there was some disagreement among the members regarding the size of a reduction in the federal-funds rate, with several participants indicating that a 25-basis-point (0.25%) rate cut "would be in line with a gradual path of policy normalization that would allow policymakers time to assess the degree of policy restrictiveness as the economy evolved." However, most FOMC members supported a 50-basis-point (0.50%) reduction, as "such a recalibration of the stance of monetary policy would begin to bring it into better alignment with recent indicators of inflation and the labor market." At its meeting in September, 11 of the 12 FOMC members voted to reduce the federal-funds rate by 50 basis points to a range of 4.75% to 5.00%. Federal Reserve Governor Michelle Bowman was the lone dissenter, favoring a 25-basis-point cut.

Stocks

- Global equities were virtually flat during the week. Developed markets outperformed emerging markets.
- U.S. stocks ended the week in positive territory. Information technology and industrials were the top-performing sectors, while communication services and utilities were the main market laggards.
- Growth stocks led value, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield climbed to 4.09% during the week.
- Global bond markets declined during the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of October 11, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.1%	16.7%	27.8%	848.2
MSCI EAFE ($)	-0.2%	7.7%	18.1%	2409.4
MSCI Emerging Mkts ($)	-1.9%	13.0%	20.2%	1157.0
US & Canadian Equities				
Dow Jones Industrials ($)	1.2%	13.7%	27.5%	42863.9
S&P 500 ($)	1.1%	21.9%	33.7%	5815.0
NASDAQ ($)	1.1%	22.2%	35.1%	18342.9
S&P/ TSX Composite (C$)	1.3%	16.8%	25.5%	24471.2
UK & European Equities				
FTSE All-Share (£)	-0.4%	6.6%	9.2%	4510.4
MSCI Europe ex UK (€)	0.3%	8.2%	14.4%	1821.7
Asian Equities				
Topix (¥)	0.5%	14.4%	15.5%	2706.2
Hong Kong Hang Seng ($)	-6.5%	24.7%	16.5%	21252.0
MSCI Asia Pac. Ex-Japan ($)	-2.0%	15.7%	22.7%	612.1
Latin American Equities				
MSCI EMF Latin America ($)	-2.4%	-17.6%	-2.5%	2195.4
Mexican Bolsa (peso)	-0.3%	-8.6%	5.4%	52438.0
Brazilian Bovespa (real)	-1.4%	-3.1%	11.1%	129992.3
Commodities ($)				
West Texas Intermediate Spot	2.0%	5.9%	-8.5%	75.9
Gold Spot Price	0.6%	28.7%	42.2%	2660.5
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-0.7%	1.3%	9.9%	477.4
JPMorgan Emerging Mkt Bond	-0.6%	6.9%	17.9%	906.8
10-Year Yield Change (basis points*)				
US Treasury	13	21	-61	4.09%
UK Gilt	8	68	-21	4.21%
German Bund	5	24	-52	2.26%
Japan Govt Bond	7	34	19	0.95%
Canada Govt Bond	2	11	-82	3.22%
Currency Returns**				
US$ per euro	-0.3%	-0.9%	3.9%	1.094
Yen per US$	0.3%	5.8%	-0.4%	149.15
US$ per £	-0.4%	2.6%	7.3%	1.307
C$ per US$	1.4%	3.9%	0.5%	1.376

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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