



# Economy of sale(s).

## The economy

- Major U.S. equity market indexes moved higher during the week ending October 18. Investors' optimism regarding better-than-expected retail sales and labor market data reignited hopes that the U.S. economy can achieve a soft landing.
- The Census Bureau reported that U.S. retail and food services sales—a gauge of consumer spending, which comprises more than two-thirds of the nation's gross domestic product (GDP)—increased 0.4% in September, exceeding expectations. Sales rose 1.7% over the previous 12-month period. Miscellaneous retailers, nonstore retailers, and food services and drinking places posted year-over-year sales gains of 7.9%, 7.1%, and 3.7%, respectively. In contrast, sales for gasoline stations tumbled 10.7% year-over-year as retail gasoline prices fell sharply over the period.
- According to the Department of Labor, initial unemployment insurance (UI) claims, a barometer of the health of the labor market, fell by 19,000 to 241,000 during the week ending October 12. However, the total represented a substantial increase from the 202,000 claims filed during the same week in 2023. UI claims had spiked during the previous week as significant property damage from two hurricanes left some residents of North Carolina and Florida temporarily unable to work. The four-week moving average of initial claims rose 4,750 week-over-week to 236,250, and was up 15,750 from the four-week average of 210,500 a year earlier.
- The recent rise in interest rates has softened demand for mortgages. The Mortgage Bankers Association (MBA) announced that mortgage applications in the U.S. plummeted 17.0% during the week ending October 11, compared to the previous seven-day period. The MBA's Refinance Index fell 26.0% for the week, but surged 111.0% over the previous 12-month period. The Purchase Index was down 7.0% for the week, but increased 7.0% year-over-year. According to the Federal Home Loan Mortgage Corporation (Freddie Mac), the average interest rate on a 30-year fixed-rate mortgage rose 12 basis points to a two-month high of 6.44% during the week ending October 17—up from the two-year trough of 6.08% registered on September 26 of this year, but significantly lower than the peak of 7.79% reached on October 26, 2023.
- In other news concerning the U.S. housing market, the Census Bureau reported that new housing starts, a gauge of the health of the residential real estate market, declined 0.5% and 0.7% in September and year-over-year, respectively. The number of building permits, an indicator of new construction activity in the near term, decreased 2.9% in September and fell 5.7% over the previous 12-month period.
- The Fed's industrial-production (IP) index, which measures activity in manufacturing, mining, and electric and gas utilities, dipped 0.3% in September. Manufacturing activity was slowed by two short-term disruptions: a strike by a major labor union against passenger aircraft manufacturer Boeing Co., as well as the effects of the two hurricanes, which subtracted an aggregate of 0.6% from the index reading for the month. The IP index dipped 0.6% year-over-year due mainly to downturns in business equipment and mining.

## Stocks

- Global equities were virtually flat during the week. Developed markets outperformed emerging markets.
- U.S. stocks ended the week in positive territory. Utilities and real estate were the top-performing sectors, while energy and health care were the main market laggards.
- Value stocks led growth, while small caps outperformed large caps.

## Bonds

- The 10-year U.S. Treasury note yield dipped to 4.08% during the week.
- Global bond markets lost ground during the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of October 18, 2024	1 Week	YTD	1 Year	Friday's Close
<b>Global Equity Indexes</b>				
MSCI ACWI (\$)	-0.1%	17.2%	31.2%	852.1
MSCI EAFE (\$)	-0.8%	7.3%	21.3%	2399.6
MSCI Emerging Mkts (\$)	-2.1%	10.9%	22.0%	1135.1
<b>US &amp; Canadian Equities</b>				
Dow Jones Industrials (\$)	1.0%	14.8%	29.5%	43275.9
S&P 500 (\$)	0.9%	23.0%	37.1%	5864.7
NASDAQ (\$)	0.8%	23.2%	40.2%	18489.6
S&P/ TSX Composite (C\$)	1.4%	18.4%	28.3%	24822.5
<b>UK &amp; European Equities</b>				
FTSE All-Share (£)	1.3%	8.0%	13.1%	4570.3
MSCI Europe ex UK (€)	-0.2%	8.7%	18.9%	1830.8
<b>Asian Equities</b>				
Topix (¥)	-0.6%	13.6%	18.8%	2689.0
Hong Kong Hang Seng (\$)	-2.1%	22.0%	20.3%	20804.1
MSCI Asia Pac. Ex-Japan (\$)	-2.0%	13.7%	24.9%	601.6
<b>Latin American Equities</b>				
MSCI EMF Latin America (\$)	-0.5%	-18.4%	-0.9%	2173.1
Mexican Bolsa (peso)	1.2%	-7.6%	8.7%	53031.7
Brazilian Bovespa (real)	0.4%	-2.7%	14.5%	130539.6
<b>Commodities (\$)</b>				
West Texas Intermediate Spot	-6.5%	-1.4%	-20.9%	70.7
Gold Spot Price	2.2%	31.5%	38.5%	2717.7
<b>Global Bond Indices (\$)</b>				
Bloomberg Global Aggregate (\$)	-0.2%	1.1%	11.1%	476.7
JPMorgan Emerging Mkt Bond	0.2%	7.1%	20.0%	908.9
<b>10-Year Yield Change (basis points*)</b>				
US Treasury	-3	20	-92	4.08%
UK Gilt	-15	53	-62	4.06%
German Bund	-8	16	-75	2.18%
Japan Govt Bond	3	36	14	0.98%
Canada Govt Bond	-9	2	-107	3.13%
<b>Currency Returns**</b>				
US\$ per euro	-0.6%	-1.5%	2.7%	1.087
Yen per US\$	0.2%	6.0%	-0.2%	149.46
US\$ per £	-0.1%	2.5%	7.4%	1.305
C\$ per US\$	0.3%	4.3%	0.6%	1.381

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.

This material is provided by SEI Investments Management Corporation (SIMC) for educational purposes only and is not meant to be investment advice. The reader should consult with his/her financial advisor for more information. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events or a guarantee of future results. There are risks involved with investing, including possible loss of principal. SIMC is a wholly-owned subsidiary of SEI Investments Company.