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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

October 14, 2024

"You will never win if you never begin." Helen Rowland

MARKETS

Macro Recap: The September Consumer Price Index (CPI) report exceeded expectations, with the headline CPI at 0.2% (expected 0.1%) and core CPI at 0.3% (expected 0.2%). The year-over-year growth rate for core CPI rose to 3.3% from 3.2% in August, while the headline CPI growth rate slowed to 2.4% from 2.5%. Notably, the shelter component, a major driver of core inflation, saw its smallest increase (+0.2%) since June.

Minutes from the U.S. Federal Reserve's September meeting, released on Wednesday, revealed a vigorous debate among policymakers regarding the approved half-percentage point rate cut. Some officials favored a smaller quarter-point reduction, but ultimately, only one of the 12 voting members opposed the half-point cut.

Additionally, the University of Michigan's Consumer Sentiment Index showed an unexpected decline for the first time in three months, with a preliminary reading of 68.9 in October, down from 70.1 in September. Most economists had anticipated a slight increase.

Equity Recap: The S&P 500, the Dow, and the NASDAQ each gained over 1%, marking their fifth consecutive week of growth and continuing the market's rebound from a rough start in September. The S&P 500 and Dow reached new record highs, while the NASDAQ closed just under 2% below its all-time peak.

Bond/Rate Recap: The yield on the 10-year U.S. Treasury note increased for the fourth consecutive week, driven by a monthly inflation report that led investors to temper their expectations for future interest-rate cuts. On Friday, the 10-year note's yield closed at 4.08%, up from 3.98% the previous week and significantly higher than the recent low of 3.62% on September 16.

Week Ahead: A U.S. retail sales report set for release on Thursday will reveal if the recent positive trend continued into September. Last month, the Commerce Department reported a 0.1% increase in sales for August and revised July's gain to 1.1%, up from the initially estimated 1.0%.

INDICES

	Oct 11 Close	Oct 7 Open	Weekly Change	Dec 31 2023	YTD Change
DJIA	42,864	42,353	1.2%	37,690	13.7%
S&P 500	5,815	5,751	1.1%	4,770	21.9%
NASDAQ	18,343	18,138	1.1%	15,011	22.2%
Russell 2000	2,234	2,213	1.0%	2,027	10.2%
KBW Bank Indx	119.2	114.7	4.0%	96.0	24.2%
VIX	20.5	19.2	6.5%	12.5	64.3%
Oil (WTI)	$74.60	$74.38	0.3%	$72.57	2.8%
Prime	8.00	8.00	0.00	8.50	-0.50
Effective Fed Funds	4.83	4.83	0.00	5.32	-0.49
3m Tbill	4.63	4.61	0.01	5.33	-0.71
2yr UST	3.96	3.92	0.03	4.25	-0.29
10yr UST	4.10	3.97	0.13	3.88	0.22
2-10yr UST Spread	14	4	10	-37	51
2y AAA Muni/10y UST	63.6%	61.7%	1.9%	58.9%	4.7%
10y AAA Muni/10y UST	67.4%	66.4%	1.0%	58.5%	8.9%
5yr Inflation Rate	2.28	2.16	0.12	2.15	0.13

Week Ahead

- **Monday:** No major reports
- **Tuesday:** No major reports
- **Wednesday:** Export/Import prices
- **Thursday:** Retail sales, Business inventories, Industrial production, Housing mkt
- **Friday:** Housing starts

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