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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

October 21, 2024

"The best impromptu speeches are the ones written well in advance." Ruth Gordon

MARKETS

Macro Recap: Market participants continued to weigh the notion that the Fed won't be as aggressive as previously thought after more solid economic data was released. This week's releases included September retail sales, which were stronger than expected, and initial jobless claims, which were not as bad as feared.

Weekly Initial Claims came in at 241K, compared to the consensus of 270K. Despite the report being somewhat muddled by the effects of the hurricanes, it has been met with pleasant surprise as initial jobless claims continue to exceed expectations.

September Retail Sales increased by 0.4%, surpassing the consensus of 0.2%. This follows a 0.1% rise in the previous month. Excluding autos, sales rose by 0.5% (consensus 0.1%). The key takeaway is that consumer spending on goods accelerated in September, with significant gains in discretionary categories such as miscellaneous store retailers, clothing and accessories, and food services. This report suggests a “no landing” economic scenario.

Equity Recap: The stock market wrapped up another successful week, with the S&P 500 and Dow Jones Industrial Average reaching new record highs. The Russell 2000 led the gains with a 1.9% increase, while the S&P 500 rose by 0.9%, the Nasdaq Composite climbed 0.8%, and the Dow Jones Industrial Average advanced by 1.0%.

Bond/Rate Recap: After declining for most of the week, yields on intermediate- and long-term bonds rose on Thursday but dropped again the following day due to reports of a decrease in housing starts and overall building permits in September. For the week, the 2-year Treasury yield fell slightly from 3.96% to 3.95%, while the 10-year Treasury yield decreased by two basis points, from 4.10% to 4.08%.

Week Ahead: Investors will be keeping an eye on S&P Global’s Purchasing Managers Indexes (PMI) for both manufacturing and services, as well as leading economic indicators, new and existing home sales data, and the Federal Reserve’s Beige Book.

INDICES

	Oct 18 Close	Oct 14 Open	Weekly Change	Dec 31 2023	YTD Change
DJIA	43,276	42,864	1.0%	37,690	14.8%
S&P 500	5,865	5,815	0.9%	4,770	23.0%
NASDAQ	18,490	18,343	0.8%	15,011	23.2%
Russell 2000	2,276	2,234	1.9%	2,027	12.3%
KBW Bank Indx	122.5	119.2	2.8%	96.0	27.6%
VIX	18.0	20.5	-11.9%	12.5	44.8%
Oil (WTI)	$69.22	$74.60	-7.2%	$72.57	-4.6%
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	4.63	0.00	5.33	-0.70
2yr UST	3.95	3.96	-0.01	4.25	-0.30
10yr UST	4.08	4.10	-0.02	3.88	0.20
2-10yr UST Spread	13	14	-1	-37	51
2y AAA Muni/10y UST	63.3%	63.6%	-0.3%	58.9%	4.4%
10y AAA Muni/10y UST	67.1%	67.4%	-0.3%	58.5%	8.6%
5yr Inflation Rate	2.24	2.28	-0.04	2.15	0.09

Week Ahead

- **Monday:** LEI
- **Tuesday:** No major reports
- **Wednesday:** Existing home sales
- **Thursday:** S&P Manufacturing PMI, New home sales
- **Friday:** Durable goods, UofM cons sentiment

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