SMITH SHELLNUT WILSON
AN AFFILIATE OF 61 BANK

Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"Mistakes are a part of the dues one pays for a full life." Sophia Loren

MARKETS

Macro Recap: It was a relatively quiet week for economic news. The U.S. housing market remains a weak spot in the economy. According to the National Association of Realtors, sales of previously owned homes dropped by 1.0% in September compared to the previous month, and were down over 3.5% from September 2023.

Meanwhile, U.S. consumer sentiment has reached its highest level in six months. The University of Michigan's Consumer Sentiment Index recorded a final reading of 70.5 on Friday, an increase from the preliminary figure of 68.9 released a couple of weeks earlier. This marks the third consecutive monthly rise in sentiment.

U.S. crude oil prices climbed nearly 5% over the week, reaching almost $72 per barrel by Friday afternoon. However, this increase wasn't enough to counteract the previous week's decline of more than 8%, leaving oil prices well below the recent peak of around $83 in early July.

Equity Recap: The stock market experienced some selling pressure following six consecutive weeks of gains for the S&P 500. The S&P 500 and the Dow Jones Industrial Average fell by approximately 1% and 3%, respectively. Meanwhile, the NASDAQ managed to edge upward, achieving its seventh consecutive weekly gain, driven by strong performances from technology stocks.

Although the NASDAQ did not close at a record high on Friday, it briefly reached an all-time intraday high earlier in the day. By the close of trading, the index was just 0.7% below the record close set three and a half months ago. In contrast, the S&P 500 has mostly remained in record territory since mid-September.

Bond/Rate Recap: The yield on the 10-year U.S. Treasury note rose for the fifth time in six weeks, as investors remained wary of inflationary pressures and the pace of future interest-rate cuts. On Friday, the 10-year note's yield closed at 4.24%, up from 4.07% the previous week and significantly higher than the recent low of 3.62% on September 16. The 2-year yield increased by 15 basis points this week, settling at 4.10%. This week's activity in the Treasury market widened the 2s10s spread by one basis point to 13 basis points.

Week Ahead: Alongside additional quarterly earnings reports, the upcoming week will feature the U.S. government's initial estimate of third-quarter GDP on Wednesday and a monthly jobs report on Friday. The jobs report will reveal how October's employment growth stacks up against September's unexpectedly strong gain of 254,000 jobs, the highest in six months.

INDICES

	Oct 25 Close	Oct 21 Open	Weekly Change	Dec 31 2023	YTD Change
DJIA	42,114	43,276	-2.7%	37,690	11.7%
S&P 500	5,808	5,865	-1.0%	4,770	21.8%
NASDAQ	18,519	18,490	0.2%	15,011	23.4%
Russell 2000	2,208	2,276	-3.0%	2,027	8.9%
KBW Bank Indx	120.7	122.5	-1.5%	96.0	25.7%
VIX	20.3	18.0	12.8%	12.5	63.3%
Oil (WTI)	$68.75	$69.22	-0.7%	$72.57	-5.3%
Gold	$2,738	$2,745	-0.2%	$1,973	38.8%
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	4.63	0.00	5.33	-0.70
2yr UST	4.10	3.95	0.16	4.25	-0.15
10yr UST	4.24	4.08	0.16	3.88	0.36
2-10yr UST Spread	13	13	0	-37	50
2y AAA Muni/10y UST	64.8%	63.3%	1.6%	58.9%	5.9%
10y AAA Muni/10y UST	70.9%	67.1%	3.8%	58.5%	12.5%
5yr Inflation Rate	2.31	2.24	0.07	2.15	0.16

Week Ahead

- **Monday:** No major reports
- **Tuesday:** Case-Shiller Home Price Index, Cons confidence, JOLTs
- **Wednesday:** 3rd Q GDP, ADP Employment
- **Thursday:** PCE, Weekly unemployment claims
- **Friday:** Nonfarm payrolls, ISM manufacturing index, Construction spending

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Chad McKeithen | Research Department
Smith Shellnut Wilson, LLC
661 Sunnybrook Rd., Ste 130
Ridgeland, MS 39157
601.605.1776
www.ssw1776.com
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