



Weekly Market Recap

The week in review

- Consumer confidence fell to 98.7, down from 105.6
- Headline and core PCE rose 2.2% and 2.7% y/y, respectively

The week ahead

- Employment report
- PMIs

Thought of the week

After 26 months of inversion, the yield curve, measured by the spread between the 2-year and 10-year Treasuries, has returned to its normal upward sloping form. Since the July Jobs report, the curve has bull steepened, meaning the 2-year yield has fallen faster than the 10-year yield, causing it to un-invert earlier this month. The Federal Reserve's recent 50 basis point cut accentuated this move, albeit in a slightly different manner.

Since the September FOMC meeting, the 2-year yield has fallen 6bps, maintaining its downward momentum, while the 10-year yield has risen 5bps. This suggests policy expectations have turned modestly more dovish, but fears of an economic slowdown have somewhat eased. Although the belly of the curve has normalized, the 3-month T-Bill still offers a higher yield than the 10-year and will likely continue to do so until the Fed cuts rates further.

While an inverted yield curve is often considered a recession indicator, it's the un-inversion that has historically signaled an impending downturn. In fact, prior to the last 4 recessions, the yield curve regained its positive slope after an extended period of inversion. However, this may be more coincidental than predictive, and we don't think the U.S. economy is on the brink of recession today. Each of these prior recessions were born from either economic bubbles, unforeseen external shocks for which the yield curve would possess little predictive power, or a combination of both. While the upcoming U.S. election and elevated geopolitical tensions continue to loom over the current expansion, the cyclical sectors of the economy don't look overextended. Despite recent shifts in the yield curve, the risk of some endogenous shock sparking a recession is low, and resilient consumer spending should support trend-like economic growth into 2025.

Please see important disclosures on next page.

Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	5738	0.64	5.43	21.55	36.22	35.34
Dow Jones 30	42313	0.59	8.68	13.89	28.63	29.02
Russell 2000	5529	-0.13	8.96	10.85	26.92	1.84
Russell 1000 Growth	2488	0.37	2.69	23.94	42.51	34.81
Russell 1000 Value	1152	0.88	9.11	16.34	27.44	26.10
MSCI EAFE	2507	3.79	8.98	15.25	28.35	18.33
MSCI EM	1175	6.22	9.22	17.60	27.55	1.69
NASDAQ	18120	0.96	2.36	21.37	39.45	23.97

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.18	-0.01	5.44	4.69	12.07	-4.14
U.S. Corporates	4.69	-0.01	6.02	5.51	14.54	-3.99
Municipals (10yr)	3.07	0.06	2.59	0.97	8.18	-0.12
High Yield	7.22	0.13	5.26	7.98	15.96	9.27

Key Rates	Levels (%)					
	9/27/24	9/20/24	6/28/24	12/29/23	9/27/23	9/27/21
2-yr U.S. Treasuries	3.55	3.55	4.71	4.23	5.10	0.31
10-yr U.S. Treasuries	3.75	3.73	4.36	3.88	4.61	1.48
30-yr U.S. Treasuries	4.10	4.07	4.51	4.03	4.73	1.99
10-yr German Bund	2.13	2.22	2.47	2.00	2.81	-0.23
SOFR	4.83	4.83	5.33	5.38	5.32	0.05
3-mo. EURIBOR	3.33	3.44	3.71	3.91	3.97	-0.54
6-mo. CD rate	2.29	2.32	2.38	2.23	2.22	0.16
30-yr fixed mortgage	6.69	6.64	7.26	6.99	7.83	3.13
Prime Rate	8.00	8.00	8.50	8.50	8.50	3.25

Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
21.52	4.78	1.23	48491	
19.11	5.02	1.67	14916	
24.86	1.90	1.29	2647	
28.55	12.14	0.54	27383	
16.68	2.65	1.96	25138	
14.24	1.85	2.65	17817	
12.67	1.75	2.02	8302	
27.40	6.36	0.65	29329	

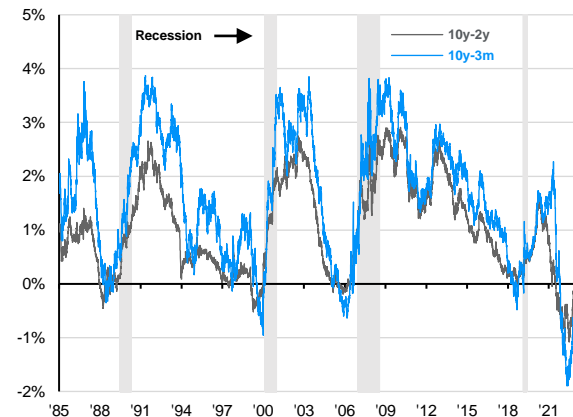
Currencies	Levels		
	9/27/24	12/29/23	9/27/23
\$ per €	1.12	1.10	1.05
\$ per £	1.34	1.27	1.21
¥ per \$	142.87	140.98	149.48

Commod.	Levels		
	9/27/24	12/29/23	9/27/23
Oil (WTI)	67.67	71.89	93.67
Gasoline	3.19	3.12	3.84
Natural Gas	2.76	2.58	2.72
Gold	2662	2078	1887
Silver	31.92	23.79	22.79
Copper	9860	8476	8017
Corn	3.88	4.59	4.66
BBG Idx	239.41	226.43	239.46

Chart of the Week

U.S. yield curve steepness

10-year Treasury yield spread to the 3-month T-Bill and 2-year Treasury



Style Returns

	V	B	G
L	0.9	0.6	0.4
M	1.1	1.0	0.7
S	-0.3	-0.1	0.1
	V	B	G
L	16.3	21.6	23.9
M	14.9	14.5	12.8
S	8.8	10.9	13.0

S&P 500 Sector Returns

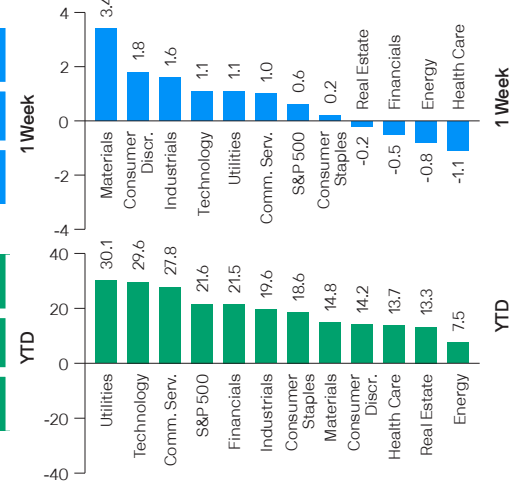




Chart of the Week: Source: FactSet, NBER, J.P. Morgan Asset Management.

Thought of the week: Source: FactSet, NBER, J.P. Morgan Asset Management.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.); provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI - EAFE; provided by: MSCI - gross official pricing. Index: MSCI - EM; provided by: MSCI - gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Bloomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period.

Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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