

Weekly Market Recap

The week in review

- Job openings declined to 7.910M
- Nonfarm payrolls grew 142K
- Wages grew 0.4% m/m (3.8% y/y)

The week ahead

- CPI
- PPI
- Consumer sentiment

Thought of the week

Leaves aren't the only thing falling in September. The Fed is gearing up to cut rates, which has the potential to alter the investment landscape, prompting investors to review their portfolio allocations. In a falling rate environment, it's often wise to lean more toward fixed income, especially longer-duration bonds. But investors shouldn't stop there. It may be beneficial to rethink what strategies they are using.

The fixed income market is a labyrinth compared to the relatively straightforward equity market. While there are about 5,700 publicly listed companies in the U.S., the bond market is vastly larger and more dynamic, with an estimated one million or more individual bonds in circulation and new issuances occurring regularly. To add another layer of complexity, fixed income indices usually capture just a fraction of the market. This week's chart shows that the U.S. fixed income market is approximately double the size of the most commonly used fixed income index. By sticking with passive investing, investors may be leaving opportunities on the table. For example, securitized bonds, which tend to be heavily excluded from indices, currently offer yields of 4.5% on average, almost 1% higher than U.S. Treasuries.

This is where top active fixed income managers shine, often outperforming the index. According to Morningstar, core bond managers in the top decile achieved an annualized performance of 4.2% over the past 20 years compared to 3.5% for the benchmark. Investors should consider taking an active approach to fixed income investing to unlock benefits such as enhanced returns and better risk management.

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	5408	-4.22	-0.70	14.48	22.91	24.95
Dow Jones 30	40345	-2.90	3.55	8.51	19.47	21.27
Russell 2000	5198	-5.67	2.36	4.14	13.26	-4.74
Russell 1000 Growth	2301	-5.40	-5.07	14.58	24.78	21.40
Russell 1000 Value	1106	-3.06	4.63	11.56	18.52	19.28
MSCI EAFE	2383	-2.83	3.30	9.24	18.12	9.10
MSCI EM	1075	-2.24	-0.26	7.40	12.79	-10.91
NASDAQ	16691	-5.76	-5.75	11.75	21.23	11.25

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.21	1.29	5.15	4.40	9.93	-4.91
U.S. Corporates	4.76	1.27	5.31	4.80	12.09	-4.90
Municipals (10yr)	3.12	0.47	2.20	0.59	5.22	-0.83
High Yield	7.45	0.25	3.86	6.55	13.35	7.90

Key Rates	Levels (%)					
	9/6/24	8/30/24	6/28/24	12/29/23	9/6/23	9/6/21
2-yr U.S. Treasuries	3.66	3.91	4.71	4.23	5.01	0.21
10-yr U.S. Treasuries	3.72	3.91	4.36	3.88	4.30	1.33
30-yr U.S. Treasuries	4.03	4.20	4.51	4.03	4.37	1.94
10-yr German Bund	2.18	2.28	2.47	2.00	2.64	-0.37
SOFR	5.35	5.32	5.33	5.38	5.30	0.05
3-mo. EURIBOR	3.47	3.49	3.71	3.91	3.80	-0.55
6-mo. CD rate	2.31	2.27	2.38	2.23	2.19	0.15
30-yr fixed mortgage	6.43	6.43	7.03	6.76	7.21	3.03
Prime Rate	8.50	8.50	8.50	8.50	8.50	3.25

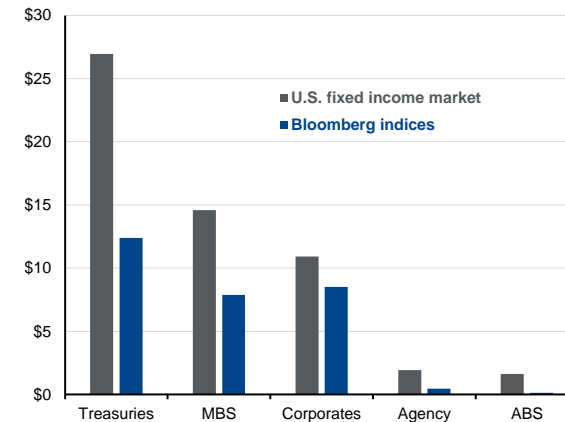
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
20.28	4.56	1.31	45423	
18.21	4.86	1.75	14228	
23.24	1.83	1.38	2471	
26.67	11.57	0.58	25407	
15.99	2.56	2.03	24142	
13.55	1.79	2.77	16933	
11.73	1.65	2.22	7596	
25.60	6.03	0.71	27057	

Currencies	Levels		
	9/6/24	12/29/23	9/6/23
\$ per €	1.11	1.10	1.07
\$ per £	1.32	1.27	1.25
¥ per \$	142.31	140.98	147.63

Commod.	Levels		
	9/6/24	12/29/23	9/6/23
Oil (WTI)	69.14	71.89	87.55
Gasoline	3.29	3.12	3.81
Natural Gas	2.26	2.58	2.49
Gold	2506	2078	1922
Silver	28.84	23.79	23.48
Copper	9013	8476	8395
Corn	3.81	4.59	4.91
BBG Idx	223.16	226.43	240.10

Chart of the Week

Bond indices typically only capture a fraction of the market
USD trillions



Style Returns

	V	B	G
L	-3.1	-4.2	-5.4
M	-3.4	-3.7	-4.7
S	-5.2	-5.7	-6.2

	V	B	G
L	11.6	14.5	14.6
M	9.1	8.0	4.1
S	3.5	4.1	4.8

S&P 500 Sector Returns

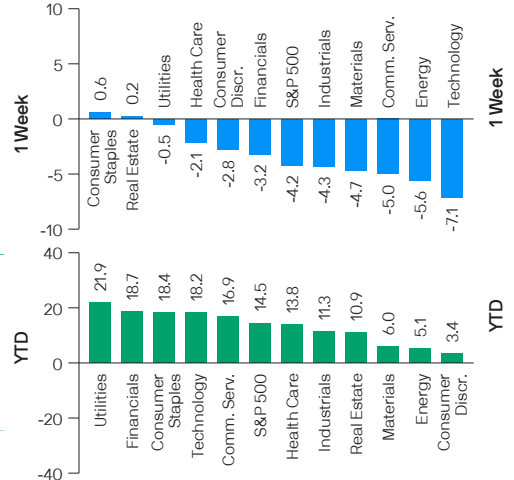




Chart of the Week: Source: Bloomberg, FactSet, SIFMA, J.P. Morgan Asset Management. "Bloomberg indices" = Bloomberg U.S. Aggregate Index and Bloomberg U.S. High Yield - Corporate Index. Corporate bonds include high yield. Data are as of 1Q24. The figures for MBS and ABS for the U.S. fixed income market are estimates due to a lack of available data.

Thought of the week: Source: Bloomberg, FactSet, Morningstar, SIFMA, 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. 0903c02a81dbac80

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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