

Market Update – October 7, 2024

The Weekly Briefing

Last week was highlighted by Friday's blockbuster Nonfarm Payrolls report which surpassed even the most bullish forecasts. The report revealed that the US economy added 254,000 jobs in September, well ahead of the 150,000 expected by economists. Job gains in prior months were also revised higher. Additionally, the unemployment rate ticked down a tenth of a percent to 4.1%; below the 4.2% expected. While one report does not make a trend and these numbers are subject to revisions, the September labor data is indicative of a strong economy.

Given the strength of the report, markets ratcheted back rate cut expectations and yields rose across the curve. Futures pricing implies a 97% chance of a 25-basis point cut at the Fed's next meeting. A week ago, market pricing was evenly split between a 25- and 50-basis point reduction. On the day of the employment report, the 2-year treasury yield rose a remarkable 22 basis points to 3.92% and the 10-year treasury yield rose 12 basis points to 3.97%. Yields on 10-year treasury bonds have increased steadily since the Fed lowered rates two and a half weeks ago, up 36 basis points from the low just before the decision. Mortgage rates, which are linked to 10-year yields, have also risen since the Fed lowered its benchmark interest rate – an unwelcome development for buyers and sellers.

Earnings season begins this week, kicked off by Pepsico on Tuesday and JP Morgan and Wells Fargo on Friday. Analysts surveyed by Factset expect earnings for companies in the S&P 500 to rise 4.2% year-over-year for the third quarter, which would be the 5th consecutive quarter of positive growth. Companies reported earnings growth of 11% in Q2 and 6% in Q1.

In geopolitical news, tensions in the Middle East continue to escalate. Today marks one year since Hamas's terrorist attack. On September 23rd, Israel began a series of airstrikes in Lebanon targeting the Iranian-backed military group Hezbollah. Following Israel's strikes, Iran formally entered the conflict by launching a barrage of missiles at Israel. Further escalation appears the most likely outcome. Crude oil prices have risen on the back of the conflict. The price of oil, as measured by WTI crude, has risen to \$74, up from a low of \$65 in early September.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
	PEP		Jobless Claims CPI	PPI
			DAL DPZ	BLK FAST JPM WFC

Market Snapshot

	Last Week	YTD	1yr
S&P 500	-0.6%	20.8%	35.6%
DJIA	0.1%	14.0%	30.4%
Nasdaq 100	0.2%	19.8%	36.7%
Russell 2000	-1.9%	8.7%	27.9%
S&P 500 E/W	-1.0%	13.9%	29.6%
2yr Yield	3.92%	-0.33%	-1.13%
10yr Yield	3.97%	0.09%	-0.77%
VIX	19.2	6.8	0.6
WTI Crude	\$74.4	3.8%	-11.7%
Gold	\$2,654	28.6%	45.7%
Bitcoin	\$62,420	48.8%	127.2%

Economic Summary

	Actual	Expected	Prior (r)
ISM Manuf PMI	47.2	47.5	47.2
Initial Jobless Claims	225k	221k	219k
Continuing Claims	1,826k	1,830k	1,827k
Continuing Claims	1,834k	1,828k	1,821k
ISM Services PMI	54.9	51.7	51.5
Nonfarm Payrolls	254k	150k	159k
Unemployment Rate	4.1%	4.2%	4.2%
Avg Hrly Earnings - m/m	0.4%	0.3%	0.5%
Avg Hrly Earnings - y/y	4.0%	3.8%	3.9%

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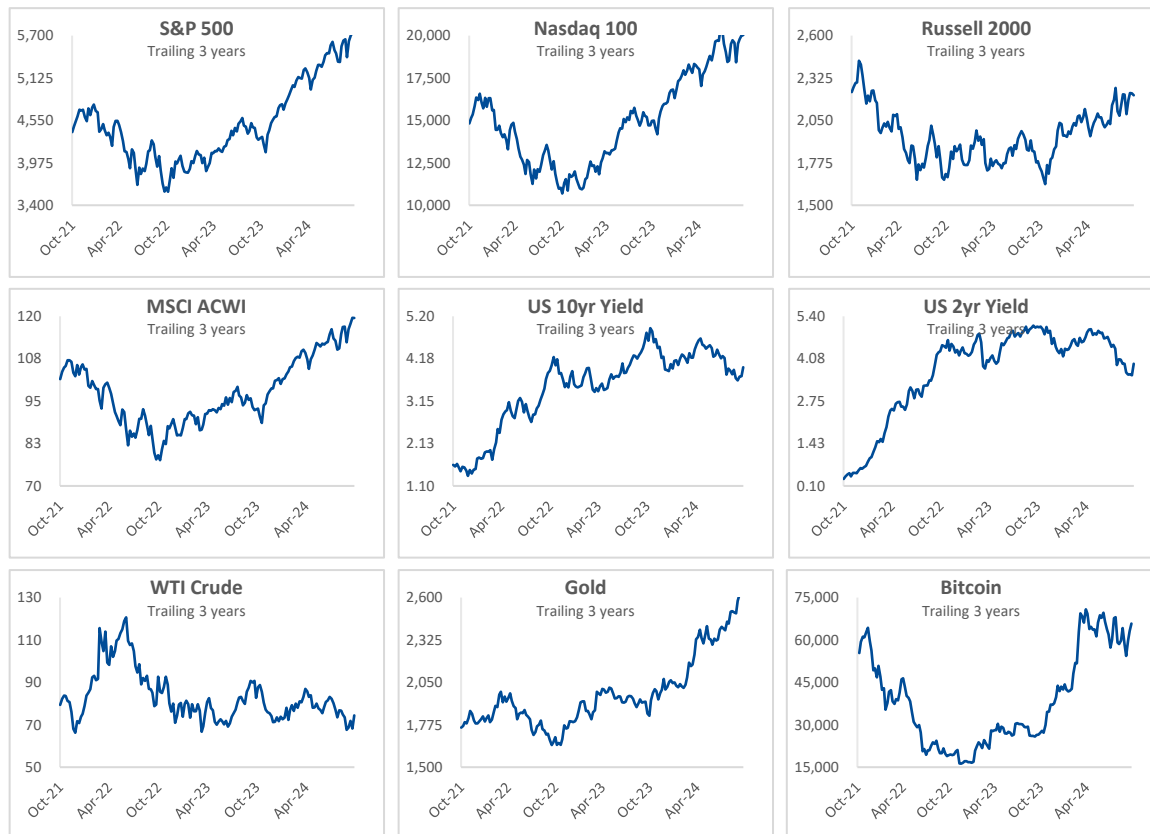
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WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
21.9%	26.1%	11.5%	15.4%
Energy	Financials	Healthcare	Industrials
13.8%	22.8%	12.4%	20.0%
Materials	Real Estate	Technology	Utilities
12.7%	11.2%	17.7%	31.4%

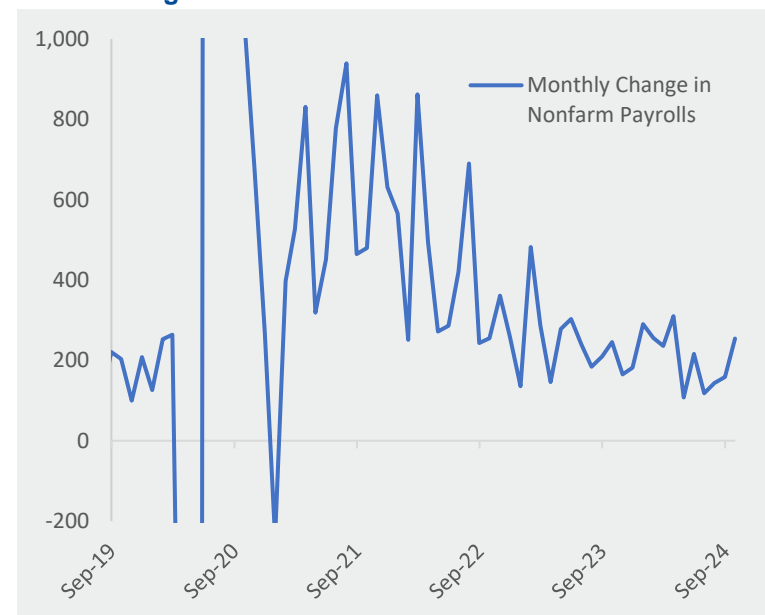
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
1-Oct	MKC	Beat	Beat	2.2%
	NKE	Beat	Miss	-6.8%
2-Oct	LEVI	Beat	Miss	-7.7%
3-Oct	STZ	Beat	Miss	-4.7%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	-1.2%	17.4%	32.4%
MSCI Europe	-3.5%	10.0%	26.0%
MSCI APAC	-1.3%	17.3%	30.8%
DXY Index	102.5	1.1%	-4.0%
EUR / USD	\$1.10	-1.8%	2.7%
GBP / USD	\$1.31	3.1%	8.1%
USD / JPY	148.7	5.4%	-0.3%
USD / CNY	7.02	-1.1%	-3.8%

September's Nonfarm Payroll Data Revealed Strong Job Gains After a Series of Modest Gains



Sources: Bloomberg, Sunflower Bank, Logia Portfolio Management.



WEALTH MANAGEMENT

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