

Market Update – September 16, 2024

The Weekly Briefing

The Fed will make its highly anticipated rate decision this week. [As we have discussed](#), a cut during the September meeting has been all but guaranteed for the past few weeks and the debate has surrounded the size. Since markets fully priced a cut in mid-July, a 25-basis point reduction has generally been the consensus. Market implied odds for a single cut have averaged about 70% over that period. Wednesday's warm CPI data appeared to confirm a 25-basis point cut, but expectations shifted by the end of the week.

On Thursday, a dovish article from the Wall Street Journal's primary Fed reporter reopened the door for a 50-basis point reduction. The author, Nick Timiraos, has garnered a reputation as an unofficial FOMC mouthpiece used during pre-meeting quiet periods. Market pricing shifted rapidly following publication of the article. The market implied chance of a 50-basis point cut rose from 16% on Wednesday to 50% by the end of the week. Given the tone and timing of the article, a 50-basis point cut now appears most likely.

While the September decision dominates the current discussion, market participants will be parsing the release and listening closely for clues on the amount and timing of rate cuts over the next several meetings. Equally important is the Fed's long-term expectation for the benchmark interest rate.

Important inflation data was released last week. Core CPI rose 0.3% MoM in August, higher than the 0.2% expected and a slight acceleration from July's monthly increase. This measure of consumer prices rose 3.2% YoY; the same as in July. PPI, or the producer price index, rose 0.2% MoM during the month on a headline basis. While the monthly change in PPI was higher than the 0.1% expected, July's reading was revised lower. Producer prices increased a meager 1.7% YoY, inline with expectations and a deceleration from the 2.1% YoY change reported in July.

The underlying composition of CPI and PPI data is often as important as the aggregated number. August's data contained favorable reads on core PCE, the Fed's preferred measure of inflation. According to inflation forecasting firm Inflation Insights, key components within the CPI and PPI readings were favorable for core PCE. The firm expects this measure to rise just 0.1% MoM in August.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
None	Retail Sales	FOMC Decision Building Permits Housing Starts	Jobless Claims FDX LEN	Existing Home Sales
		GIS		

Market Snapshot

	Last Week	YTD	1yr
S&P 500	2.9%	19.1%	28.3%
DJIA	1.4%	11.4%	21.9%
Nasdaq 100	4.6%	16.7%	29.4%
Russell 2000	4.1%	8.7%	19.9%
S&P 500 E/W	1.7%	12.0%	20.9%
2yr Yield	3.58%	-0.67%	-1.45%
10yr Yield	3.65%	-0.23%	-0.68%
VIX	16.6	4.1	2.8
WTI Crude	\$68.7	-4.2%	-24.4%
Gold	\$2,578	25.0%	33.3%
Bitcoin	\$598	-98.6%	-97.7%

Economic Summary

	Actual	Expected	Prior (r)
CPI - m/m	0.2%	0.2%	0.2%
CPI - y/y	2.5%	2.5%	2.9%
Core CPI - m/m	0.3%	0.2%	0.2%
Core CPI - y/y	3.2%	3.2%	3.2%
PPI - m/m	0.2%	0.1%	0.0%
PPI - y/y	1.7%	1.7%	2.1%
Initial Jobless Claims	230k	226k	228k
Continuing Claims	1,850k	1,850k	1,845k

John Sawyer, CFA
Chief Investment Officer
John.Sawyer@sunflowerbank.com | 303.962.0140

Matt Henderson, CFA
Director of Portfolio Management
MHenderson@logiapm.com | 480.676.6382

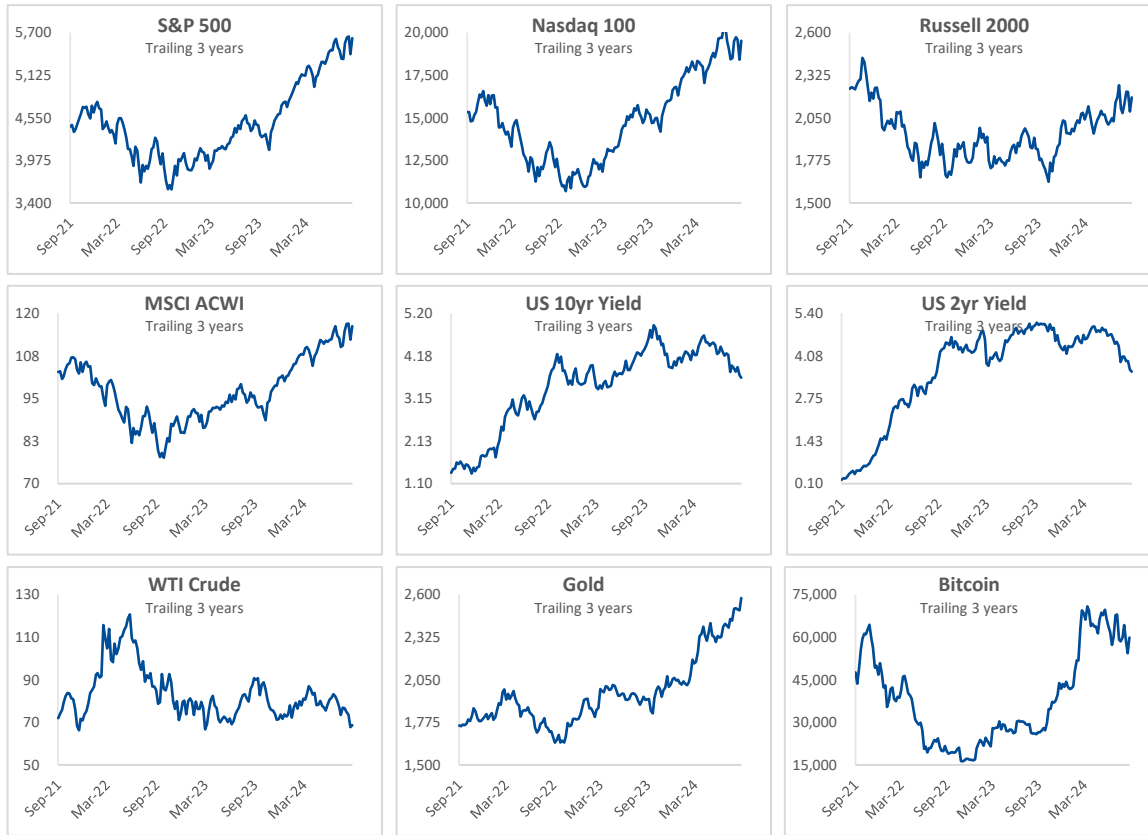
Michael Berens, CFA
Portfolio Manager
MBerens@logiapm.com | 303.962.0146

Eric Micheli, CFA
Portfolio Manager
EMicheli@logiapm.com | 303.615.2705



WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
19.1%	20.2%	8.1%	18.3%
Energy	Financials	Healthcare	Industrials
3.7%	19.3%	15.4%	15.3%
Materials	Real Estate	Technology	Utilities
9.3%	14.8%	14.9%	26.0%

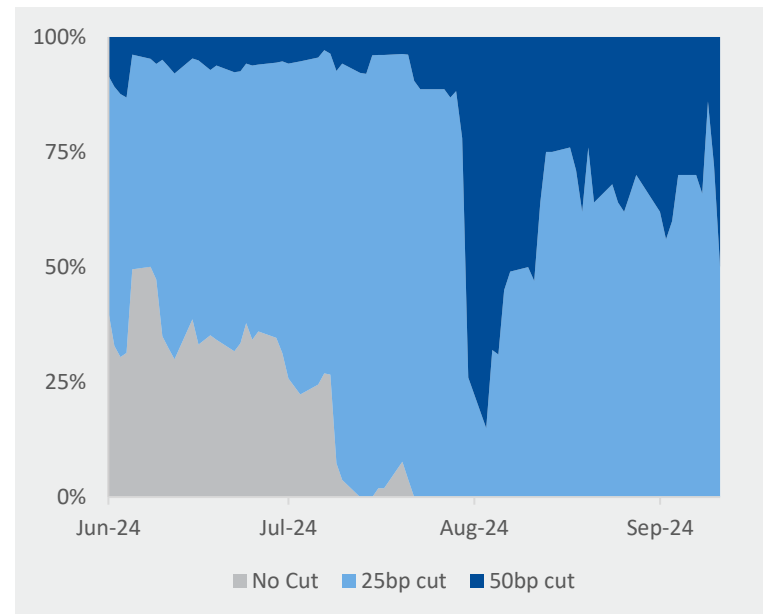
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
9-Sep	ORCL	Beat	Beat	11.4%
10-Sep	GME	Beat	Miss	-12.0%
12-Sep	ADBE	Beat	Beat	-8.5%
	KR	Beat	Miss	7.2%
	RH	Beat	Beat	25.5%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	2.5%	15.1%	23.3%
MSCI Europe	1.4%	10.5%	18.8%
MSCI APAC	1.8%	10.0%	14.3%
DXY Index	100.9	-0.5%	-4.2%
EUR / USD	\$1.11	-0.6%	2.4%
GBP / USD	\$1.32	3.4%	6.3%
USD / JPY	140.1	-0.7%	-5.1%
USD / CNY	7.10	0.0%	-2.4%

Market-implied odds on the size of the September rate cut have fluctuated over the past few months



Sources: CME Group, Sunflower Bank, Logia Portfolio Management.



WEALTH MANAGEMENT

Disclosures

Investment and insurance products are not FDIC-insured, are not a deposit or other obligation of, or guaranteed by the bank or an affiliate of the bank, are not insured by any federal government agency and are subject to investment risks, including possible loss of the principal amount invested.

Sunflower Bank, N.A. (“Sunflower Bank”) offers various banking, fiduciary and custody products and services, including discretionary portfolio management. In such cases, Sunflower Bank is responsible for the day-to-day management of these accounts. Logia Portfolio Management LLC (“Logia”) is an SEC-registered investment adviser and its only investment advisory activity is the provision of sub-advisory services to its sole client (and affiliate) Sunflower Bank. The content provided is not an advertisement of investment advisory services offered through Logia. Both Logia and Sunflower Bank are wholly owned by FirstSun Capital Bancorp. For more information about our Wealth Management services, speak to your relationship manager or visit the Wealth Management pages of SunflowerBank.com.

This material is intended for informational purposes only, and does not constitute investment advice, a recommendation or an offer or solicitation to purchase or sell any securities to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. Any mention of a particular security and related performance data is not a recommendation to transact in that security, or any security.

This material may contain estimates and forward-looking statements, which may include forecasts and do not represent a guarantee of future performance. This information is not intended to be complete or exhaustive and no representations or warranties, either express or implied, are made regarding the accuracy or completeness of the information contained herein. The information and opinions expressed herein are as-of the date of publication and are subject to change without notice. Sunflower Bank deems reliable any statistical data or information obtained from or prepared by third party sources that is included in any commentary, but in no way guarantees its accuracy or completeness. Reliance upon information in this material is at the sole discretion of the reader. Investing involves risks.

