

Market Update – October 28, 2024

The Weekly Briefing

Markets ended the week lower as investors continued to focus on third quarter corporate earnings. The housing market was the focus in a light week for economic data. The coming weeks are packed with potential volatility stemming from big tech earnings, major economic data releases, and the U.S. Presidential Election.

A busy week for earnings was highlighted by Tesla's third quarter results. The automaker handily beat earnings estimates and reported improved profit margins. During the earnings call Elon Musk reassured investors that Tesla is on track to begin production of a sub-\$30,000 model in 2025 and claimed the company's much hyped robotaxi service would launch in California and Texas. Following the earnings report Tesla stock surged 22%, adding \$150B in market value. That one-day increase is larger than the combined market values of General Motors, Ford, and Stellantis. In aggregate, third quarter earnings are off to a good start. Through Friday, 37% of S&P 500 companies have reported, with 75% beating earnings-per-share estimates. The index's blended earnings growth rate for the third quarter is currently 3.6% year-over-year. If that holds it will mark the 5th straight quarter of year-over-year earnings growth for the index.

Existing home sales continued their downtrend in September, declining 1% month-over-month to a 3.84M annual rate. That's the slowest pace of sales since the years following the Great Financial Crisis. Continued rate cuts should be a tailwind to the housing sector, but that benefit has yet to materialize. Since the Fed cut its policy rate last month, mortgage rates, which are tied to the yield curve, have increased due to strong economic data. Looking back further, the rapid rise in mortgage rates since 2022 has kept sellers on the sidelines and left buyers with limited options, but this backdrop is improving. In a good sign for buyers, housing inventory has increased 23% since last year bringing months of housing supply to 4.3. That's the highest level since the onset of Covid, but still indicative of a seller's market. This metric indicates how long it would take to sell all inventory at the current sales pace. The National Association of Realtors considers 5 months of supply to be the benchmark for a housing market with balanced supply and demand. Years of tight inventory have bolstered home prices. The median price of an existing home increased 3% since last year to \$404K and is up nearly 50% over the past five years.

The new home market, by contrast, was more active. September new home sales reached their highest level in 16 months, increasing 4.1% to an annual sales pace of 738K. Disillusioned by the existing home market, prospective buyers increasingly turned to new homes the past few years to capitalize on falling prices and more favorable supply. The median price of a new home has fallen 7.4% to \$426K, since peaking in October 2022.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
ON F TRENCH WM	JOLTS AMT CMCSA DHI MCD PYPL SOFI	3 rd Quarter GDP Pending Home Sales ABBV COIN MSFT MSTR LLY META	Core PCE Jobless Claims AMZN AAPL EL RBLX UBER XYL	Nonfarm Payrolls CBOE CVX XOM W

Market Snapshot

	Last Week	YTD	1yr
S&P 500	-1.0%	23.1%	40.8%
DJIA	-2.7%	13.4%	30.0%
Nasdaq 100	0.1%	21.7%	42.7%
Russell 2000	-3.0%	10.1%	35.7%
S&P 500 E/W	-2.0%	14.5%	33.9%
2yr Yield	4.10%	-0.15%	-1.02%
10yr Yield	4.24%	0.36%	-0.72%
VIX	20.3	7.9	0.1
WTI Crude	\$71.8	0.2%	-15.9%
Gold	\$2,748	33.2%	38.8%
Bitcoin	\$66,768	59.2%	95.3%

Economic Summary

	Actual	Expected	Prior (r)
Existing Home Sales m/m	-1.0%		-2.0%
Existing Home Sales	3.84M	3.88M	3.88M
New Home Sales m/m	4.1%		-2.3%
New Home Sales	738K	719K	709K
Initial Jobless Claims	227K	243K	242K
Continuing Claims	1,897K	1,880K	1869K
Durable Goods m/m	-0.8%	-1.1%	-0.8%
Consumer Sentiment	70.5	68.9	68.9

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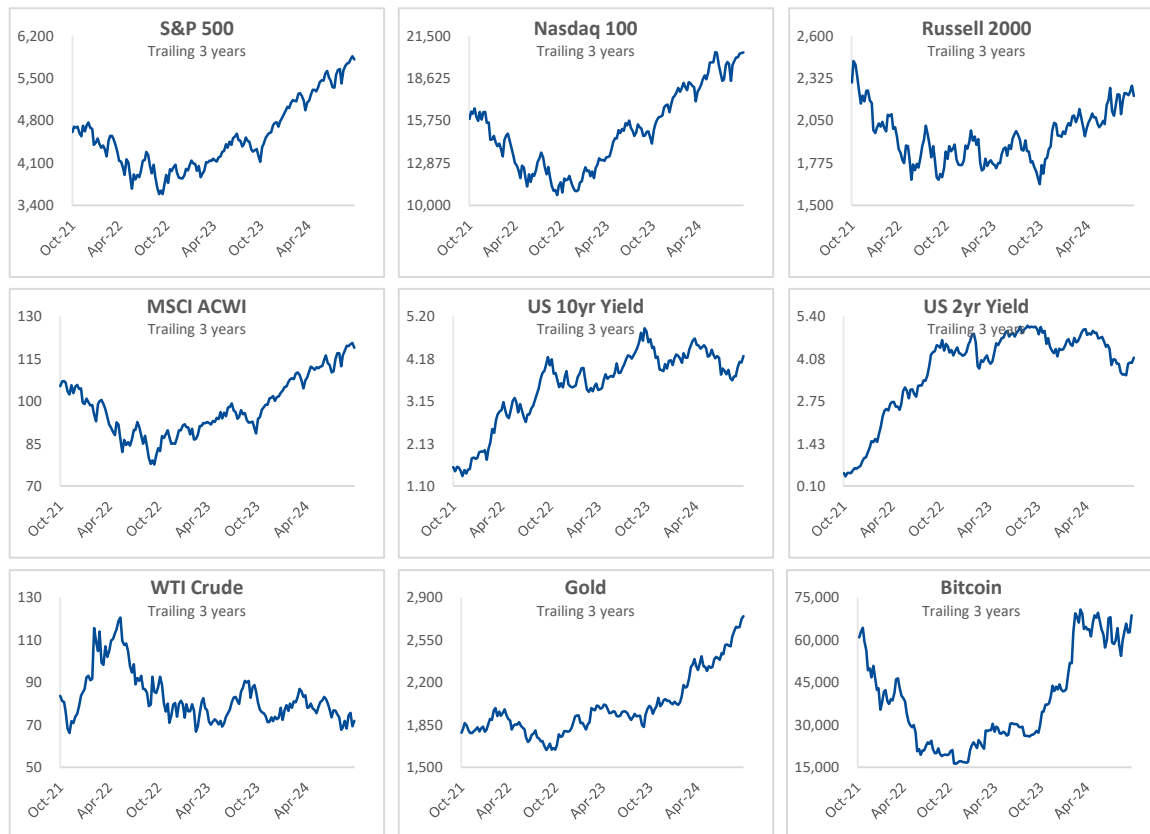
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WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
23.7%	27.0%	14.0%	15.3%
Energy	Financials	Healthcare	Industrials
8.7%	26.5%	10.5%	20.4%
Materials	Real Estate	Technology	Utilities
12.1%	13.4%	20.7%	31.0%



WEALTH MANAGEMENT

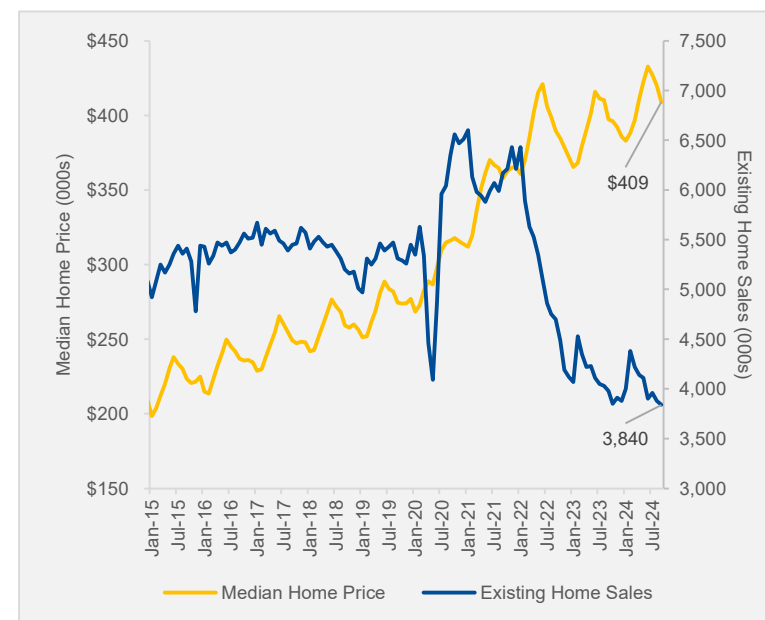
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
22-Oct	GE	Beat	Miss	-9.1%
22-Oct	DHR	Beat	Beat	-4.0%
22-Oct	LMT	Beat	Miss	-6.1%
23-Oct	TSLA	Beat	Miss	21.9%
23-Oct	KO	Beat	Beat	-2.1%
23-Oct	TMO	Beat	Miss	-1.7%
23-Oct	IBM	Beat	Miss	-6.2%
23-Oct	NEE	Beat	Miss	1.5%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	-1.3%	17.8%	34.7%
MSCI Europe	-1.4%	8.7%	24.6%
MSCI APAC	-2.5%	12.4%	25.4%
DXI Index	104.3	2.9%	-2.1%
EUR / USD	\$1.08	-3.4%	0.5%
GBP / USD	\$1.30	1.8%	7.0%
USD / JPY	152.3	8.0%	1.4%
USD / CNY	7.12	0.3%	-2.7%

The rapid rise in mortgage rates led to a historically slow sales pace that's kept home prices elevated.



Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.

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