

Primary Market Drivers

Economic Data

Last week's economic data was solid, with better-than-expected results from PMI Services, New Home Sales, Durable Goods Orders, Q2 US GDP, August Core PCE, and Michigan Consumer Sentiment. Though there were a few misses (Consumer Confidence, Personal Spending & Income), the data was strong where it counted most (GDP, Core PCE). This week brings a handful of significant releases and a bevy of employment data, perhaps the most important segment of economic data moving forward. We get PMI Manufacturing (10/1), ISM Manufacturing (10/1), JOLTS (10/1), ADP Employment (10/2), PMI Services (10/3), ISM Non-Manufacturing (10/4), and Nonfarm Payrolls (10/4). Expect JOLTS, ADP Employment, and Nonfarm Payrolls to be heavily scrutinized.

Fed Policy

No change from last week. The Fed's easing cycle has officially begun after the central bank cut rates by 50bps. The dot plot release indicated that the Fed expects another 50bps worth of cuts in 2024 and 100bps of cuts in 2025. While a September cut had been a foregone conclusion for some time, the Fed opting for 50bps over 25bps was surprisingly dovish. Now that the easing cycle has officially begun, market participants will be keeping a close eye on economic data, particularly labor market data as Jerome Powell made it very clear that the central bank's focus had shifted from inflation to the other side of its dual mandate - promoting maximum employment. CME's FedWatch Tool currently has November's rate cut odds at roughly 50%/50% for a 25bps vs. a 50bps cut, though expect those odds to shift as more economic data is released.

Earnings

With inflation quelled and the Fed now easing, expect earnings to be a primary focus this quarter as investors look to justify arguably lofty valuations. Earnings season officially kicks off next week with big banks on tap, but we view this week as something of an unofficial start with a few high profile earnings announcements coming in. McCormick & Co (MCK 10/1), Paychex (PAYX 10/1), Lam Weston (LW 10/1), Nike (NKE 10/1), Conagra Brands (CAG 10/2), Carnival (CCL 10/3), and Constellation Brands (STZ 10/3) all report this week. We expect the market to take a close look at NKE earnings as a proxy for the consumer as well as China. Elsewhere, most announcements this week are consumer-facing, so while we don't expect market-wide volatility from this batch, it could provide some insight into the state of the consumer before earnings kick into high gear over the next few weeks.

All referenced market information, statistics, and economic data were gathered from StreetAccount, a paid subscription data service provided by FactSet Research Systems Inc.

Market Returns 9/27/2024

Category	Ticker	YTD%
Domestic Equity		
S&P 500	SPY	21.37%
Dow Jones	DIA	13.70%
Large-Cap Growth	QQQ	19.38%
Large-Cap Value	IVE	14.71%
Mid Caps	MDY	13.14%
Small Caps	IWM	10.74%
International Equity		
Developed Intl	EFA	13.34%
Emerging Markets	EEM	16.72%
Fixed Income		
Core Bonds	AGG	4.79%
Corporate Bonds	LQD	5.41%
High Yield Bonds	HYG	8.17%
ST Treasuries	IEI	4.52%
LT Treasuries	TLT	2.33%
International Bonds	BNDX	3.45%



Performance data and stock chart were gathered from eSignal, a paid market screening application provided by Intercontinental Exchange, Inc.

Current Environment Summary

What's Working	What's Not	What's Next
Inflation Subdued	Economy Slowing	Nonfarm Payrolls (10/4)
Fed Easing Cycle	Elevated Volatility	JOLTS (10/1), ADP Employment (10/2)
Strong Earnings Growth	Yield Curve Steepening Despite Cuts	NKE Earnings (10/1)
Long-Term Bull Market	Election Season	ISM & PMI Data
Positive Slope for Yield Curve	Valuations Entering Earnings Season	China Easing: + or Canary in Coal Mine?
Broad Market Rally	Geopolitical Conflicts	

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