October 4, 2024

MARKET MONITOR

Month in Review: September 2024

Index	Asset Class	2024 Sep	2024 YTD	2023
Equity Indexes		**Total Returns**		
Russell 3000	U.S. Equity	2.1	20.6	26.0
S&P 500	Large Cap U.S. Equity	2.1	22.1	26.3
Russell 1000	Large Cap U.S. Equity	2.1	21.2	26.5
Russell 2000	Small Cap U.S. Equity	0.7	11.2	16.9
MSCI All Country World	Global Equity	2.4	19.1	22.8
MSCI All Country World (Ex U.S.)	International Equity	2.7	14.7	16.1
MSCI Europe, Asia & Far East (EAFE)	International Developed Market Equity	1.0	13.5	18.9
MSCI Emerging Markets (EM)	International Emerging Market Equity	6.7	17.2	10.3
Fixed Income Indexes				
Bloomberg U.S. Aggregate Bond	U.S. Investment Grade Bond	1.3	4.5	5.5
S&P National AMT-Free Municipal Bond	U.S. Investment Grade Muni Bond	1.0	2.3	6.2
S&P Municipal High Yield	U.S. Muni Bonds (Below Investment Grade)	1.4	7.8	8.7
Bloomberg U.S. Corp. High Yield	U.S. Corp Bonds (Below Investment Grade)	1.6	8.0	13.4
Index Blends: Stock/Bond				
80%/20%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		2.2	16.2	19.2
60%/40%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		2.0	13.3	15.7
40%/60%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.7	10.3	12.3
20%/80%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.5	7.4	8.9

Data as of 09/30/2024. Sources are Morningstar for Index returns, and Envestnet Tamarac for Index Blend returns, based on monthly rebalancing.

Please see important disclosures at end of this report.

Market Overview

Historically, September has been a rough month for stocks, with the S&P 500 declining an average of 1.2% in September since 1928. Last month lived up to its reputation at the outset, with the S&P 500, Nasdaq, and Dow Jones declining 4.2%, 5.8%, and 2.9% respectively during the first week of trading. Investors grappled with a mix of disappointing economic indicators - including fewer than expected jobs added to the U.S. labor market and weak manufacturing data - and rising geopolitical tensions.[1]

However, the market's fortunes dramatically reversed over the course of the month. In the long-anticipated September FOMC meeting on the 18th, the Federal Reserve voted to cut interest rates by .50%, with multiple officials penciling in additional anticipated cuts of at least .25% in their upcoming meetings in November and December. This news sparked a global stock market rally, as investors bet on lower borrowing costs leading to a stronger economy without reigniting inflation. The S&P 500 and Dow Jones reached new record highs, while the Nasdaq saw a significant increase.[2]

The fixed income market was relatively stable compared to equities. Bond yields fluctuated in response to economic data and the Federal Reserve interest rate policy. During the month's initial phase, investors sought refuge in bonds, driving the 10-year Treasury yield to its 2024 low of 3.63%. However, as the market digested the Fed's rate cut and the prospect of further monetary easing, the 10-year Treasury yield rebounded. Ultimately, the yield closed the month at 3.79%, nearly unchanged from its starting point.[3]

The Federal Reserve remains steadfast in its commitment to achieving maximum employment and price stability. Chair Powell, during the recent September FOMC meeting, expressed growing confidence that the recent 0.50% rate cut would support moderate economic growth while sustainably reducing inflation toward the long-term goal of 2%. Powell cited the economy's continued solid expansion, with GDP increasing at a 2.2% annual rate in the first half of the year.

Furthermore, he noted that the labor market has cooled from its overheated state, and inflation has significantly declined from its peak of 7% to an estimated 2.2% in August. The Committee's median projection suggests that the appropriate federal funds rate will be 4.4% by the end of this year and 3.4% by the end of 2025. These projections, however, are not binding and may be adjusted as economic conditions evolve. The Federal Reserve will continue to carefully evaluate incoming data, assess the evolving economic landscape, and balance the risks to achieve its dual mandate of maximum employment and price stability.[4]

Reference(s):

1) *"September Is Once Again a Tough Month for Stocks." Markets & Finance: Stocks, The Wall Street Journal, 9 Sept. 2024, www.wsj.com/finance/stocks/september-is-once-again-a-tough-month-for-stocks-8392fe0a.*
2) *"Dow, S&P 500 Hit Records after Rate Cut." Markets & Finance: Stocks, The Wall Street Journal, 19 Sept. 2024, www.wsj.com/finance/stocks/dow-s-p-500-hit-records-after-rate-cut-e161c1ac.*
3) *"Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis." FRED, Federal Reserve Bank of St. Louis, 2 Oct. 2024, fred.stlouisfed.org/series/DGS10.*
4) *"September 17-18, 2024 FOMC Meeting." The Fed - September 17-18, 2024 FOMC Meeting, Board of Governors of the Federal Reserve System, 18 Sept. 2024, www.federalreserve.gov/monetarypolicy/fomcpresconf20240918.htm.*

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Reference to market index information is included for illustrative purposes only, as it is not possible to directly invest in an index. Indexes are unmanaged, hypothetical vehicles that serve as market indicators. Index total return performance data reflects the assumptions of the reinvestment of interest and dividends but does not include the deduction of fees or transaction costs which otherwise reduce performance of an actual portfolio. The blended indexes are shown for informational purposes only and are not representative of any particular investment or plan.

Index Definitions:

Russell 3000 – Index comprised of 3,000 largest U.S. stocks by market capitalization. Russell

1000 – Index comprised of 1,000 largest U.S. stocks by market capitalization.

Russell 2000 – Index comprised of 2,000 smaller U.S. stocks by market capitalization within the Russell 3000.

S&P 500 – Compilation of 500 major U.S. stocks meeting certain criteria; market capitalization and float-weighted.

MSCI All Country World – Global equity index across market capitalizations with about 2,800 constituents, representing about 85% of the free float-adjusted market capitalization across 23 developed and 27 emerging markets.

MSCI All Country World ex USA – Global equity index across market capitalizations, which excludes the U.S., with about 2,300 constituents which represents free float-adjusted market capitalization across 22 developed and 27 emerging markets.

MSCI Europe, Asia & Far East (EAFE) – International equity index across market capitalizations, which excludes North America, with about 840 constituents which represents free float-adjusted market capitalization across 21 developed markets.

MSCI Emerging Markets (EM) – International equity index across market capitalizations with about 1,400 constituents which represents free float-adjusted market capitalization across 27 emerging markets.

Bloomberg U.S. Aggregate Bond – Widely followed bond benchmark comprised of investment grade, U.S. dollar denominated, fixed rate taxable bonds including Treasuries, government-related, corporate, mortgage-backed, and agency.

S&P National AMT-Free Municipal Bond – Broad market-value weighted index comprised of larger and more liquid tax-exempt investment-grade U.S. municipal bonds.

S&P Municipal High Yield Bond – U.S. index of municipal bonds that are either not rated or rated below investment grade.

Bloomberg U.S. Corporate High Yield Bond – Index of fixed rate U.S. dollar denominated corporate bonds rated BB+ or below by Fitch and S&P.