

MARKET VIEW WEEKLY

Ladenburg Asset Management



ECONOMIC REVIEW¹

- Job Openings were softer than expected at 7.67 million, from a downwardly revised 7.91 million in June.
 - Hires increased slightly to 5.52 million, and separations increased to 5.42 million.
 - Quits increased to 3.27 million from a downwardly revised 3.21 million in June.
 - Job openings per employed person, one of the Fed's favorite metrics to gauge the balance between the demand and supply for workers, plummeted to 1.07.
- ADP's Private Payroll report showed an increase of 99,000 new jobs in August after a 111,000 gain in July.
- The nonfarm payrolls figure increased by 142,000 in August, below the consensus of 165,000 jobs expected.
 - The unemployment rate fell slightly to 4.2%, and the participation rate remained unchanged.
 - Average hourly earnings beat forecasts, rising 0.4% compared with a 0.3% median estimate.
 - June and July's payroll gains were revised down by 86,000, bringing the two-month net gain to 56,000.
- The Beige Book showed employment levels were generally flat / slightly up in recent weeks.
- The ISM Manufacturing Index remained mired in contraction at 47.2%, below consensus expectations of 47.5%.
- The ISM Non-Manufacturing (Services) Index accelerated a tick to 51.5%, edging out the consensus forecast.
 - Levels higher than 50 signal expansion; below 50 indicate contraction.

How do labor market and business sector data impact you?

- The economy continues to add jobs, though the trend is decelerating, with employers indicating they "were more selective with their hires and less likely to expand their workforces," citing concerns about demand and an uncertain economic outlook.² While the unemployment rate edged lower, reflecting a reversal in temporary layoffs, the broader unemployment measure (U-6) continues to push higher. Companies are posting fewer job openings and adding fewer workers, and the pace of quits continues to slow. With quits declining, fewer jobs are opening up for people out of work. Cooling labor market data reflects an economy adjusting to the monetary tightening by the Federal Reserve (Fed). Collectively, these reports support the Fed's reduction of its policy rate by 25 basis points at its upcoming policy meeting.
- Manufacturing activity meanwhile remains firmly in a rut, while service activity remains in relatively decent shape.



A LOOK FORWARD¹

- This week, investors will be focused primarily on the Consumer Price Index (CPI), Producer Price Index (PPI), and the Michigan Consumer Sentiment Index.

How do inflation data and sentiment impact you?

- CPI and PPI are the last major inflation readings before Fed policymakers meet for their September 17-18 meeting. Further moderation towards the Fed's 2% inflation target, paired with a normalizing labor market and evident resilience of the US economy, would signal the Fed is on track to achieve a soft landing.
- Consumer Sentiment offers insight into household finances, the impact of inflation, and employment conditions from the business perspective, thus revealing how consumers view the economy's direction.



MARKET UPDATE³

Market Index Returns as of 9/6/2024	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-4.22%	-0.70%	14.48%	23.29%	7.83%	14.50%
NASDAQ	-5.76%	-5.75%	11.75%	22.31%	3.59%	16.48%
Dow Jones Industrial Average	-2.90%	3.55%	8.51%	19.25%	6.91%	10.81%
Russell Mid-Cap	-3.70%	2.88%	7.98%	17.44%	2.31%	10.02%
Russell 2000 (Small Cap)	-5.67%	2.36%	4.14%	14.38%	-1.37%	8.26%
MSCI EAFE (International)	-2.83%	3.28%	8.79%	17.75%	2.50%	7.51%
MSCI Emerging Markets	-2.24%	-0.37%	7.09%	13.24%	-4.21%	3.81%
Bloomberg Barclays US Agg Bond	1.29%	5.15%	4.40%	9.64%	-1.59%	0.25%
Bloomberg Barclays High Yield Corp.	0.25%	3.86%	6.55%	13.23%	2.57%	4.45%
Bloomberg Barclays Global Agg	1.23%	6.49%	3.12%	9.68%	-3.72%	-1.10%



OBSERVATIONS

- The holiday-shortened week took on a clear risk-off tone, with stock indexes posting some of their steepest declines in over a year.
 - The NASDAQ (-5.76%) led major equity indexes down, followed closely by the S&P 500 (-4.22%), with the Dow (-2.90%) pulling back the least of the group.
- Mid-cap stocks fell close to four percent (-3.70%), while small-cap stocks fell precipitously (-5.67%).
- Developed international stock (-2.83%) and emerging markets (-2.24%) also fell in tandem.
- Both the US and the Global Aggregate Bond Indexes climbed over one percent (+1.29% and +1.23%, respectively).
 - The 10-year U.S. Treasury bond yield ended the week at 3.72%, down 20 basis points week-over-week.
- Lower quality credit turned in a positive week, as exhibited by the High Yield Corporate Index, which rose (+0.25%).



BY THE NUMBERS

- **Want to watch every NFL game this season? It's going to cost you nearly \$2,500:** Hold onto your remotes: Watching NFL games has never been more expensive. Depending on where a person lives, there is at least one local team that fans can watch every week, whether they have cable or a cable-substitute service like FuboTV or the Google-owned YouTubeTV. And for many fans, with the addition of the massively popular NFL RedZone channel for a fantasy football-centric whip-around broadcast, that's probably enough football. The total cost for a football fan who doesn't have cable to stream all 343 NFL games this season is about \$1,700. That includes seven streaming services and six username and password combinations in total. The total cost for cable customers to stream all NFL games this season is even higher, at about \$2,500. A cord-cutter who wants to stream all NFL games this season will need a total of six username-and-password combinations for YouTubeTV with Sunday Ticket, Prime Video, Peacock, NFL+, ESPN+, and Netflix along with the corresponding individual app on their smart TV devices at home.⁴
- **Another heat record shatters in Phoenix: 56th day with temps reaching 110 degrees:** America's hottest big city broke more heat records on Thursday, most notably when the temperature reached 110 degrees for the 56th time this year. The previous record of 55 days was set in 2023. But that wasn't the end for the day. The high temperature for Thursday reached 116 degrees, which rewrote three other records, according to the National Weather Service: Hottest Sept. 5, tied for the hottest September day, and the latest date to reach 116 degrees. Thursday's records broke as hot weather settled in across the West last week, with triple digits from Arizona into California.⁵

Economic Definitions

The ADP Report: The ADP National Employment Report is an independent estimate of the change in U.S. nonfarm, private employment derived from actual, anonymous payroll data of client companies served by ADP.

Beige Book: The Beige Book is a Federal Reserve System publication about current economic conditions across the 12 Federal Reserve Districts. It characterizes regional economic conditions and prospects based on a variety of mostly qualitative information, gathered directly from each District's sources. Reports are published eight times per year.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Federal Open Markets Committee: The FOMC holds eight regularly scheduled meetings per year. At these meetings, the Committee reviews economic and financial conditions, determines the appropriate stance of monetary policy, and assesses the risks to its long-run goals of price stability and sustainable economic growth.

Consumer Price Index CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

ISM Services Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc. Target Audience: supply management professionals Sample Size: 300 individuals Date of Survey: through the month The Services Index is a composite index of four indicators with equal weights: Business Activity, New Orders, Employment and Supplier Deliveries. An index reading above 50% indicates an expansion and below 50% indicates a decline in the non-manufacturing economy. Whereas per Supplier Deliveries Index, above 50% indicates slower deliveries and below 50% indicates faster deliveries.

ISM Manufacturing Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

Job Openings - JOLTS: This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

Producer Price Index - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

University of Michigan Consumer Sentiment Index: Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: representative sample of US households (excluding Alaska and Hawaii). Surveys of Consumers collects data on consumer attitudes and expectations summarized in the Consumer Sentiment, in order to determine the changes in consumers' willingness to buy and to predict their subsequent discretionary expenditures. This Index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Components of the Index of Consumer Sentiment are included in the Leading Indicator Composite Index. Unit: Index (Q1 1966=100)

US Employment Report (Nonfarm payrolls): This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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¹ Data obtained from Bloomberg as of 9/6/2024

² <https://www.federalreserve.gov/>

³ Data obtained from Morningstar as of 9/6/2024

⁴ [Want to watch every NFL game this season? It's going to cost you nearly \\$2,500 | marketwatch.com](#)

⁵ [Another heat record shatters in Phoenix | azcentral.com](#)