

MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- Retail sales rose 0.4% in September, beating consensus expectations of a 0.3% increase for the month.
 - Retail sales are up 1.7% in the last year.
- “Core” sales, excluding the often-volatile categories of autos, building materials, and gas stations, rose 0.8% in September and improved even further when factoring in revisions to prior months.
 - The core measure of retail sales – critical for estimating gross domestic product (GDP) – increased at an annualized rate of 6.2% quarter-over-quarter.
 - Core sales have improved 3.9% in the last year.
- Details of the report show the increase in sales to be broad-based with 10 of 13 categories advancing last month.
 - Positively, sales at restaurants and bars rose 1.0% (the largest increase in 2024) and led all categories.
 - Sales at restaurants and bars improved 3.7% in the last year but have slowed from the 10.1% increase in the year ended September 2023.
 - This is the only category in the retail sales report that captures consumer spending on services rather than goods, which has been an important driver of economic growth in recent years.
- Housing starts declined 0.5% last month to a 1.354 million annual rate, narrowly beating expectations of a 1.350 million annual rate.
 - Housing starts are down 0.7% from a year ago.
- Multi-family housing starts made up the entirety of the decline as single-family home starts increased in September.
 - In the past year, multi-family starts are down 16.2% while single-family starts are up 5.5%.

How do retail sales and housing starts impact you?

- The latest reading on retail sales showed continued consumer spending strength for goods, and the underlying details of the report suggest demand for services remained healthy throughout the quarter, as well.
 - The positive effects of strong consumer demand are already apparent in the Atlanta Federal Reserve’s GDPNow estimate, which sits at an annualized 3.4% for the quarter.
- Given some weakness in the housing market last month, the major takeaway for investors is that the expansion continues, and the Federal Reserve (Fed) is more likely to cut rates by a quarter point rather than 0.5% next month.
 - Still solid, but moderating, consumer spending will keep the Fed on track to cut, though not as rapidly as some market participants may expect.



A LOOK FORWARD¹

- This week, leading economic indicators, new and existing home sales, and the Fed’s Beige Book headline a busy week of economic data.
 - S&P PMI readings, durable goods orders, and consumer sentiment will also be released later in the week.

How does this diverse set of economic data impact you?

- The election will continue to inject volatility in the market through early November, but these incoming economic data points will give investors more insight into the underlying economy.



MARKET UPDATE²

Market Index Returns as of 10/18/2024	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	0.87%	1.84%	24.33%	39.09%	10.78%	16.30%
NASDAQ	0.80%	1.67%	23.87%	41.28%	7.77%	18.92%
Dow Jones Industrial Average	0.98%	2.30%	16.55%	32.08%	9.08%	12.38%
Russell Mid-Cap	1.37%	2.18%	17.14%	35.57%	4.73%	11.79%
Russell 2000 (Small Cap)	1.87%	2.10%	13.50%	35.63%	1.46%	9.66%
MSCI EAFE (International)	-0.38%	-2.37%	10.31%	24.99%	3.90%	7.32%
MSCI Emerging Markets	-0.37%	-1.31%	15.33%	27.29%	-1.13%	4.97%
Bloomberg Barclays US Agg Bond	0.05%	-1.41%	2.98%	12.54%	-1.71%	0.08%
Bloomberg Barclays High Yield Corp.	0.34%	-0.13%	7.86%	17.64%	3.11%	4.64%
Bloomberg Barclays Global Agg	0.00%	-2.18%	1.34%	11.34%	-3.68%	-1.31%



OBSERVATIONS

- The major indices had another positive week supported by strong earnings from major banks and some of the most recognizable tech names.
 - The Dow Jones Industrial Average (+0.98%) outpaced the S&P 500 (+0.87%) and the NASDAQ (+0.80%).
- Mid-caps and small-caps strongly outperformed larger market-cap stocks, returning +1.37% and +1.87%, respectively.
- Developed international and emerging markets declined marginally on the week, falling nearly in line at -0.38% and -0.37%, respectively.
- Fixed-income markets were generally flat last week, although lower-quality credit improved slightly (+0.34%).
 - The US and Global Aggregate indices barely budged and remain positive on the year.



BY THE NUMBERS

- **How Investors Are Betting on the Election, From Utility Stocks to DJT:** Investors are ramping up their bets on the U.S. presidential election. Financial advisers caution against making any major investment decisions related to an election—and history shows that the market consequences of a certain candidate’s or party’s victory are unpredictable. “When Trump was elected, expectations were that technology would underperform and financials and energy would outperform,” said Nancy Tengler, chief executive of Laffer Tengler Investments. “The exact opposite was true.” That isn’t stopping investors from trying to get an edge. A multitude of investors are taking bets from energy and utilities sectors to single tickers like DJT, the Trump Media and Technology Group, and even in presidential futures markets.³
- **Dodgers Eliminate Mets to Set Up Dream World Series vs. Yankees:** All throughout the National League Championship Series, as Los Angeles Dodgers hitters took pitch after pitch outside the strike zone and jammed up the diamond with base runner after base runner, the resolve of the New York Mets tried to withstand the barrage to keep their season alive. These same Mets had faced longer odds and steeper hills to overcome before, after all, and all they needed was a chance to pull off the improbable during Sunday’s Game 6 to force a Game 7 and get another chance at a storybook finish. Eventually, though, the body blows added up. And the Dodgers’ talent wave was undeniable.⁴

Economic Definitions

Building Permits: This concept tracks the number of permits that have been issued for new construction, additions to pre-existing structures or major renovations. These statistics are based on the number of construction permits approved.

Conference Board Leading Economic Index: Leading indicators include economic variables that tend to move before changes in the overall economy. These indicators give a sense of the future state of an economy.

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.

Durable Goods Orders: This concept tracks the value of new orders received during the reference period. Orders are typically based on a legal agreement between two parties in which the producer will deliver goods or services to the purchaser at a future date.

Existing Home Sales: This concept tracks the sales of previously owned homes during the reference period. Total existing home sales include single-family homes, townhomes, condominiums and co-ops. All sales are based on closings from Multiple Listing Services. Foreclosed homes are only counted in the inventory if the bank is working with a realtor. Foreclosed homes that sell via auction (or other closings outside of the Multiple Listing Services) are not included.

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

Federal Open Market Committee (FOMC): The Federal Open Market Committee, or FOMC, is the Fed's chief body for monetary policy. 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.

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.

Housing Starts: Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

Purchasing Managers' Index (PMI): The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions are expanding, staying the same, or contracting as viewed by purchasing managers. The purpose of the PMI is to provide information about current and future business conditions to company decision-makers, analysts, and investors.

Producer Prices - 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).

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

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 represents 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.

Disclosures

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance cannot guarantee future results.

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¹ Data obtained from Bloomberg as of 10/18/2024.

² Data obtained from Morningstar as of 10/18/2024.

³ [How Investors Are Betting on the Election, From Utility Stocks to DJT \(msn.com\)](#)

⁴ [Dodgers Eliminate Mets to Set Up Dream World Series vs. Yankees \(msn.com\)](#)