

## Weekly Update – October 21, 2024

Market Returns Ending 10/18/2024			
Category	1 Week	MTD	YTD
<b>US</b>			
Large Cap	0.9%	1.8%	24.3%
Mid Cap	1.6%	2.2%	13.8%
Small Cap	1.9%	2.1%	13.5%
<b>International</b>			
Developed	-0.8%	-2.8%	10.4%
Emerging	-2.1%	-3.0%	13.6%
<b>Bonds</b>			
Aggregate	0.0%	-1.5%	2.9%
High Yield	0.3%	-0.2%	7.8%

US Equity Style Returns			
	Weekly		
	Value	Core	Growth
Large	1.1	0.9	0.7
Mid	1.6	1.4	0.8
Small	2.2	1.9	1.5
	YTD		
	Value	Core	Growth
Large	19.0	23.6	27.0
Mid	16.9	17.1	17.5
Small	11.3	13.5	15.8

Source: Bloomberg

### Key Events: Signs of strength – for the most part

The Atlanta Fed 3Q GDP estimate rose to 3.4%. Reporting season kicked off with almost 4 out of 5 companies<sup>i</sup> beating EPS estimates. Retail sales beat expectations, affirming the strength of the consumer.

Geopolitical conflict escalated as China ramped up military drills around Taiwan and Israel characterized the killing of Yahya Sinwar as “the beginning of the end” - not the end - of the war.

### Market review: Responding to growth

US Stocks turned in strong gains as growth estimates increased but emerging markets dropped again on skepticism of Chinese stimulus measures.

Bond returns were muted this week, anticipating more earnings and economic data next week.

### Outlook: More evidence of economic strength

We are taking a slightly cynical view regarding the elections. The most important thing to understand is not which sectors will perform best under Trump or Harris, but that the deficit will continue to balloon under both Harris’ and (worse) Trump’s plan.

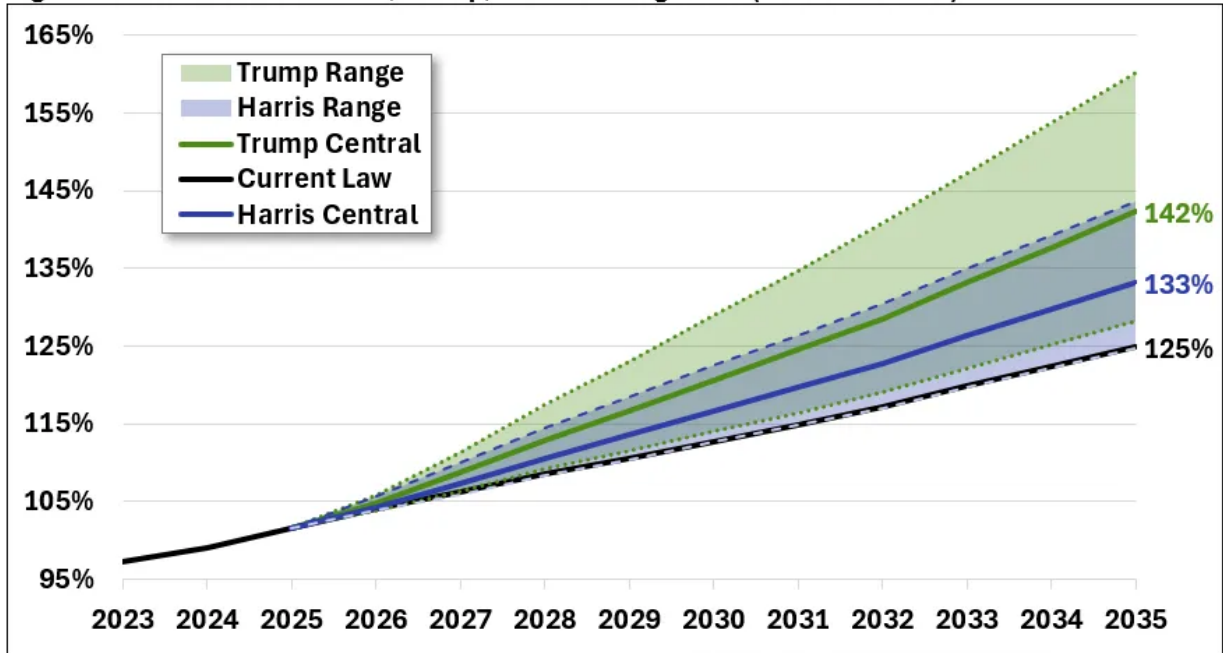
This is bad for the long-term health of our nation. Please vote for fiscally responsible politicians.

In the short term these deficits will stimulate the economy; this is evident in the data and earnings forecasts. It is partly why we have, somewhat begrudgingly, remained fully invested in a diversified set of assets rather than lowering the risk profile of portfolios. We don’t read too much into expectations for market returns based on the election; rather we urge investors to stay disciplined and stay invested.

*The election – outlook for the US fiscal deficit <sup>ii</sup>*



**Fig. 4: Debt Under Current Law, Trump, and Harris Agendas (Percent of GDP)**



Source: Committee for a Responsible Federal Budget based on Congressional Budget Office baseline.

## OneAscent Navigator Outlook: October 2024

*This material is intended to be educational in nature<sup>iii</sup>, and not as a recommendation of any*

### VALUATION

- US large cap stock valuation measures remain high relative to the broad markets.
- Bonds continue to be an attractive source of portfolio income relative to stocks.
- Corporate bond yield premiums are low as the bond markets do not fear a recession.

### ECONOMY

- The Atlanta Fed "Nowcast" model for Third Quarter GDP Growth was revised up to 3.1%.
- The Fed has begun its easing cycle with a focus on employment – unemployment is rising while jobs and wages are declining.
- Pandemic stimulus monies have been spent, leaving risks for consumer spending

### SENTIMENT

- Investor sentiment remains at bullish extremes, highlighting the potential of a decline.
- Consumer confidence fell as the labor market begins to weaken.
- Small business uncertainty increased in September while sales expectations faltered.

### TECHNICAL

- Stock market breadth remains strong; 80% of S&P 500 stocks are trading above their 200-day moving average.
- Performance began to rotate away from large cap stocks in 3Q as SMID and International stocks performed well.
- History suggests solid returns during the rate cut cycle if the US avoids a recession.

*particular strategy, approach, product or concept for any particular advisor or client. These materials are not intended as any form of substitute for individualized investment advice. The discussion is general in nature, and therefore not intended to recommend or endorse any asset*

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<sup>i</sup> Source: FactSet – with 14% of S&P 500 companies reporting, 79% have beat earnings estimates and 64% have beat revenue expectations.

<sup>ii</sup> Source: Committee for a responsible budget [The Fiscal Impact of the Harris and Trump Campaign Plans-Mon, 10/07/2024 - 12:00 | Committee for a Responsible Federal Budget \(crfb.org\)](#)

<sup>iii</sup> Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield