

Weekly Update – October 7, 2024

Market Returns Ending 10/4/2024			
Category	1 Week	MTD	YTD
US			
Large Cap	0.3%	-0.2%	21.9%
Mid Cap	-0.3%	-0.5%	10.8%
Small Cap	-0.5%	-0.8%	10.3%
International			
Developed	-3.7%	-2.2%	11.0%
Emerging	0.4%	0.7%	18.0%
Bonds			
Aggregate	-1.2%	-1.0%	3.4%
High Yield	-0.1%	-0.2%	7.8%

US Equity Style Returns			
	Weekly		
	Value	Core	Growth
Large	0.2	0.3	0.3
Mid	-0.4	-0.1	0.9
Small	-0.8	-0.5	-0.2
	YTD		
	Value	Core	Growth
Large	16.6	21.0	24.3
Mid	14.4	14.4	13.9
Small	8.0	10.3	12.8

Source: Bloomberg

Key Events: Blowout jobs data

September jobs growth beat forecasts significantly, the unemployment rate unexpectedly declined, and wage growth accelerated, increasing optimism and reducing the odds of a second 50 bps rate cut in November.

The middle east conflict escalated as Israel launched ground and missile attacks on Hezbollah in Lebanon.

Market review: Rethinking rate cuts

The bond market reacted to the positive economic data by lowering the odds of a ½ % rate cut at the next Fed meeting and causing bonds to sell off 1.2%.

Stock returns reflected changing expectations as well; returns reversed last week's trend as the S& 500 outperformed international, small to mid-cap stocks, and high yield bonds. Emerging market stocks were the leader as China rolled out multiple stimulus measures.

Outlook: Recession or not? That is the key.

The below chart illustrates how rate cuts affect the stock market; the key factor is recession:

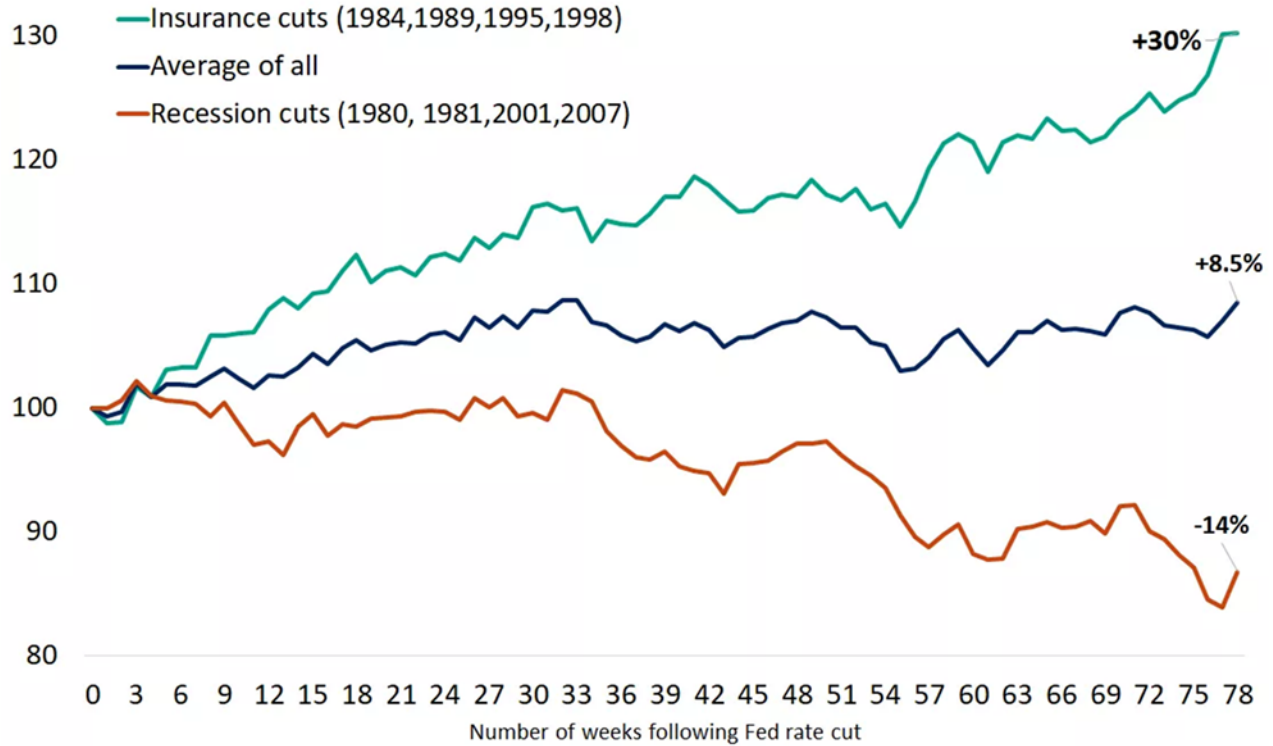
- If the Fed can engineer a soft landing, that may suggest strong stock returns going forward.
- If it turns out the economy cannot avoid a recession we should expect significant stock volatility.

Soft landings – the markets expectation - are rare and difficult to achieve. We must account for the potential of recession as well as re-emergence of inflationary fears. Our portfolios are fully invested in a diversified portfolio of assets which gives us good profit opportunities while offering some protection in a negative outcome.

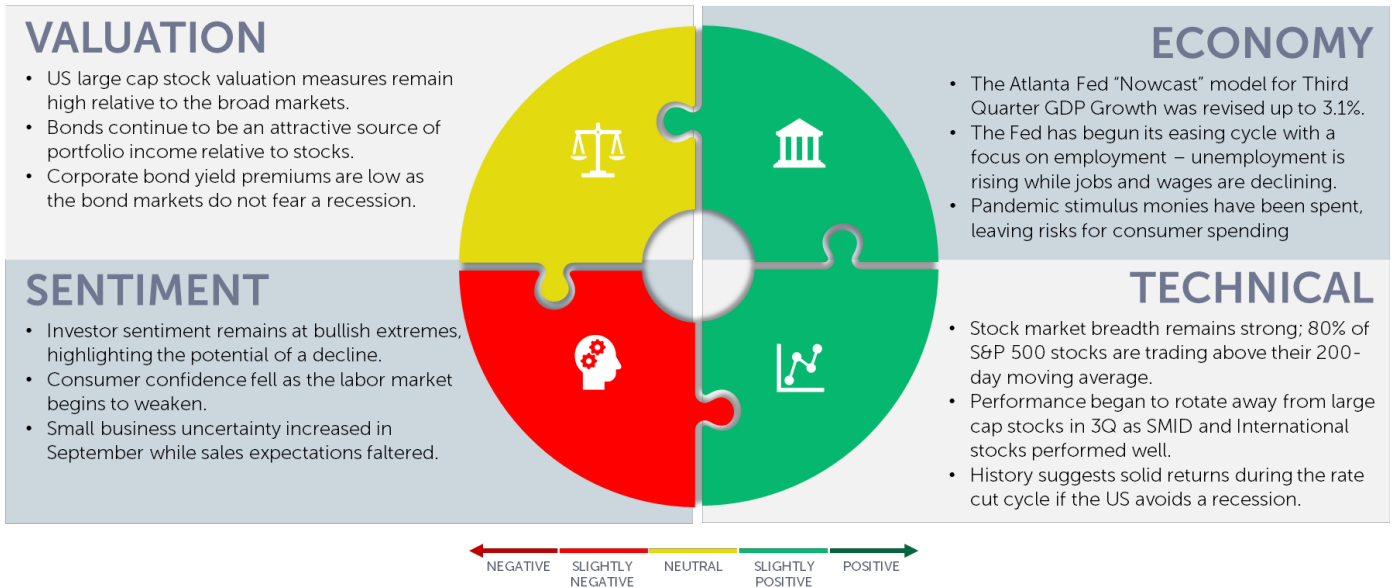
Rate Cuts: Recession or not? ⁱ



S&P 500 returns 18 months following first Fed rate cut



OneAscent Navigator Outlook: October 2024



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ⁱ Source: Edward Jones [Weekly market wrap | Edward Jones](#)

ⁱⁱ 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