

Weekly Update – August 26, 2024

Market Returns Ending 8/23/2024			
Category	1 Week	MTD	YTD
US			
Large Cap	1.5%	2.1%	19.2%
Mid Cap	3.1%	-0.3%	9.6%
Small Cap	3.6%	-1.5%	10.4%
International			
Developed	1.7%	1.6%	10.7%
Emerging	0.7%	1.7%	9.9%
Bonds			
Aggregate	0.3%	1.6%	3.2%
High Yield	0.5%	1.2%	5.8%

US Equity Style Returns			
	Weekly		
	Value	Core	Growth
Large	1.9	1.6	1.3
Mid	2.6	2.4	1.9
Small	3.8	3.6	3.4
	YTD		
	Value	Core	Growth
Large	13.6	18.3	22.0
Mid	12.2	11.8	10.0
Small	9.0	10.4	11.9

Source: Bloomberg

Key Events: The Fed charts a new course

Fed Chair Powell laid out a new course at the Jackson Hole monetary conference; with inflation progressing towards the Fed’s target, “The time has come for policy to adjust...the timing and pace of rate cuts will depend on the incoming data, the evolving outlook and the balance of risks.”

Vice President Kamala Harris laid out minimal policy details after receiving the Democrat nomination. Election ads will plague us for 71 more days.

Market review: The market likes the new course

Markets loved the Fed’s dovish pivot. Risky US assets gained the most this week: small and midcap stocks outperformed large caps, and high yield bonds outperformed treasuries.

Real Estate, a beneficiary of lower rates, led sector returns, joining the positive bond reaction to the Fed pivot.

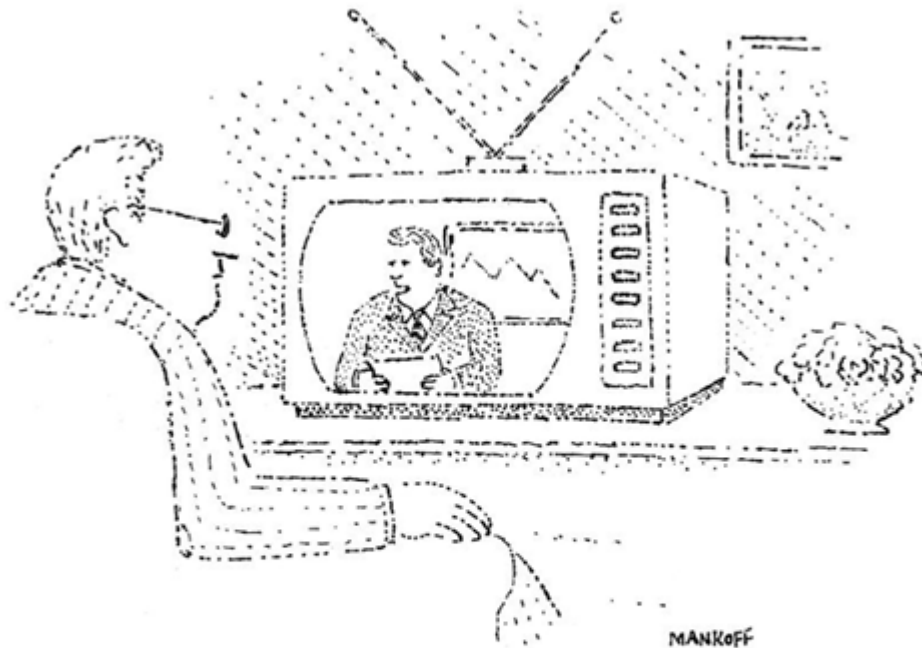
Outlook: Looking through the noise

Expectations for the economy and Fed rate cuts are top of investors’ minds; the economy is giving mixed messages right now, but on Friday the Fed indicated they would provide support as needed – the “Fed put” is back - even though the stock market is at all-time highs.

Given the mixed economic messages and the fact that the market has so aggressively priced in rate cuts, we are not adding excessive risk to portfolios; we are fully invested, maintaining an allocation that we believe is likely to gain if the hoped-for soft landing materializes, but won’t get hurt too badly if the market hits a bump in the road.

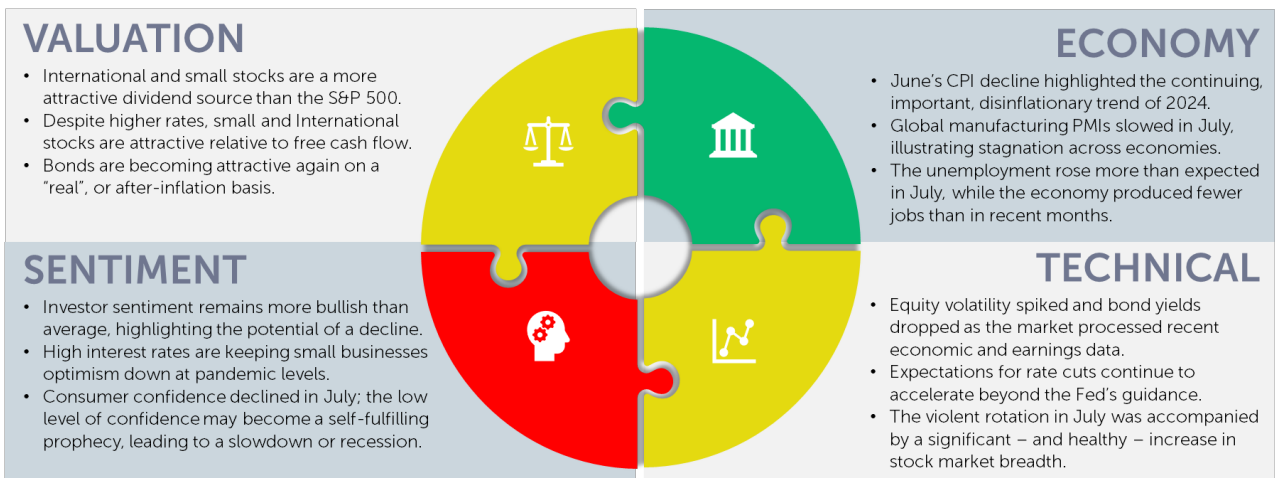
Proper perspective on current events ⁱ





“On Wall Street today, news of lower interest rates sent the stock market up, but then the expectation that these rates would be inflationary sent the market down, until the realization that lower rates might stimulate the sluggish economy pushed the market up, before it ultimately went down on fears that an overheated economy would lead to a reimposition of higher interest rates.”

OneAscent Navigator Outlook: August 2024



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ⁱ Source: Oaktree Capital Management, LP [Mr. Market Miscalculates \(oaktreecapital.com\)](http://oaktreecapital.com)

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