OneAscent INVESTMENTS

Weekly Update – September 23, 2024

Market Returns Ending 9/20/2024			
Category	1 Week	MTD	YTD
US			
Large Cap	1.4%	1.1%	20.8%
Mid Cap	2.3%	0.9%	10.6%
Small Cap	2.1%	0.5%	11.0%
International			
Developed	1.3%	-0.4%	12.0%
Emerging	1.7%	0.2%	10.0%
Bonds			
Aggregate	-0.1%	1.7%	4.8%
High Yield	0.9%	1.5%	7.9%

US Equity Style Returns

Weekly

	Value	Core	Growth
Large	1.4	1.5	1.6
Mid	1.5	1.7	2.6
Small	1.8	2.1	2.4

YTD

	Value	Core	Growth
Large	15.3	20.0	23.5
Mid	13.6	13.3	12.1
Small	9.2	11.0	12.9

Source: Bloomberg

Key Events: Rate cuts begin!

The Federal Reserve kicked off its campaign to engineer a soft landing with a larger than expect ½% rate cut on Wednesday. The larger than expected cut indicates the Fed is willing to be more aggressive amidst concerns about a weakening labor market.

Despite US warnings against escalation, Israel conducted targeted strikes against Hezbollah following attacks involving explosive devices hidden in pagers and radios.

Market review: Stocks and bonds diverge

The bond market "sold the news", declining slightly this week. Stocks, however, responded positively to the Fed's aggressive rate cut plans.

Stock returns were broad: international, emerging markets, small to mid-cap stocks, and high yield bonds outperformed the S&P 500 for the week.

Outlook: The stock market, rate cuts and soft landing

The below chart illustrates how rate cuts affect the stock market. The results have varied wildly:

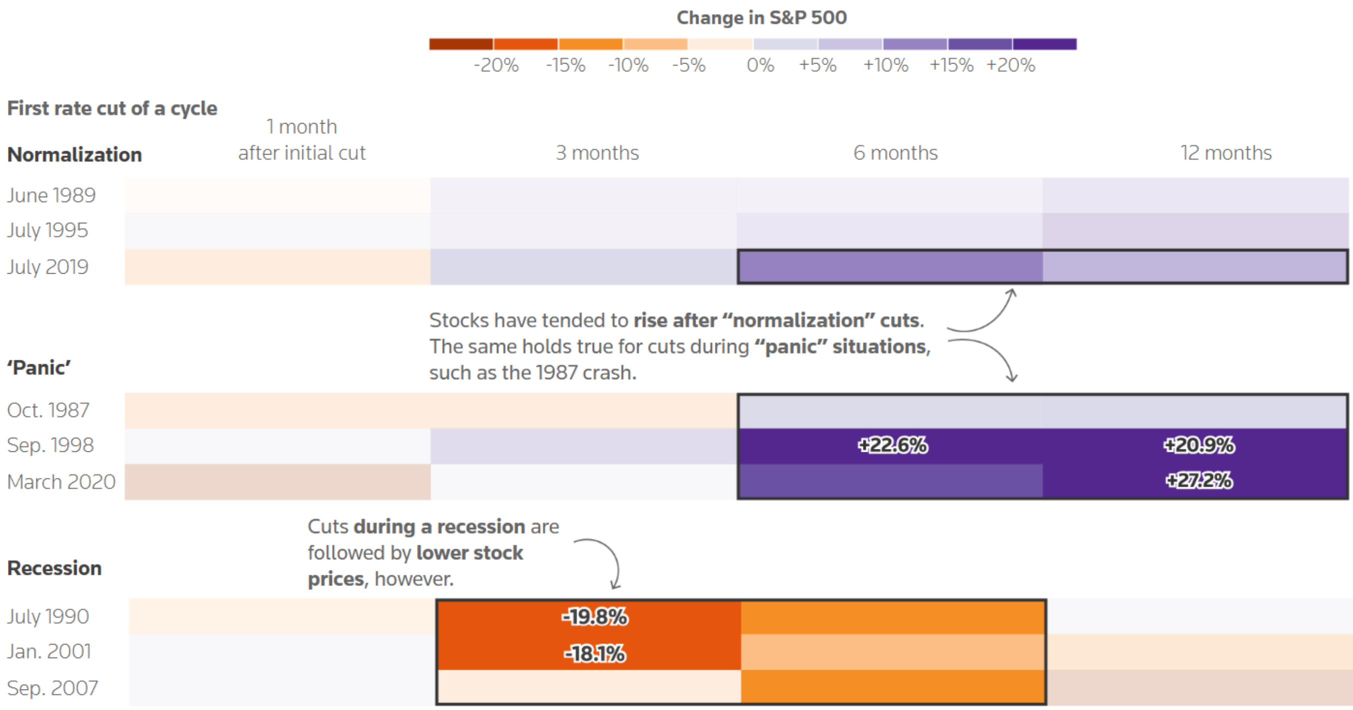
- Normalization: If the Fed can engineer a soft landing, that may suggest strong stock returns.
- Panic: Fed responses often trigger sharp recoveries.
- Recession: If it turns out the Fed cannot avoid recession we should expect significant stock losses.

Soft landings are rare and difficult to achieve. The S&P 500 was up 28% during the 12 months leading up to Wednesday's rate cut, lowering expectations for future returns. Our advice is to remain invested but maintain some downside portfolio protection.

Rate Cuts: Normalization, Panic, or Recession? [i]

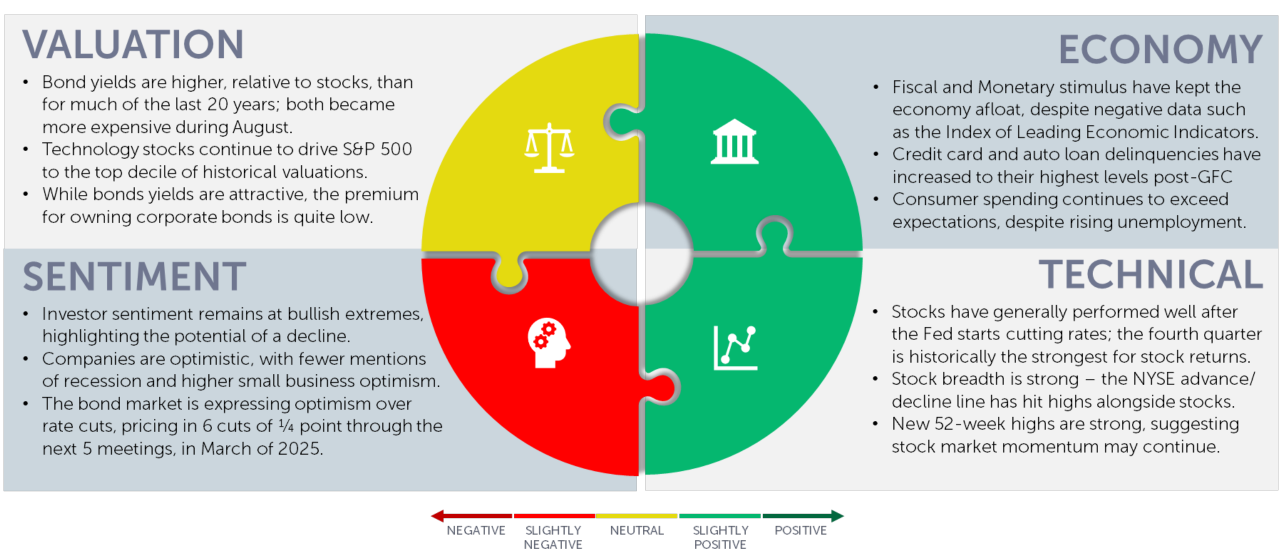
The recession factor

Stocks perform better when rate cuts are not accompanied by a recession.



Source: Carson Investment Research

OneAscent Navigator Outlook: September 2024



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[i] Source: Reuters [How markets could fare after first US rate cut (reuters.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