

Market Update – September 30, 2024

The Weekly Briefing

The August PCE report was released this week, and Fed members that voted for a 50-basis point cut last week may feel vindicated, or relieved, by the modest inflation data. Core PCE Prices, the Fed's preferred measure of inflation, rose just 0.1% month-over-month, slightly less than expected. The core PCE price index is up 2.7% year-over-year, moderately above the Fed's 2% target. The 0.1% month-over-month increase is another positive data point supporting a return to target inflation.

Halfway across the world, Chinese equities soared after China's central bank unveiled a multi-pronged stimulus package aimed at boosting the economy. Measures outlined by the head of the People's Bank of China include a cut of the short-term lending rate, a reduction in the amount of capital banks must hold, and a decrease in the minimum down payment required for home buyers. The proposed stimulus appears primarily intended to boost the country's beleaguered real estate sector. The announcement is an about-face for the government which has up until now been reluctant to provide policy support.

Chinese equities had their best week in more than 15 years as investors in the region cheered the package. The MSCI China Index rose more than 5% on the day of the announcement and gained nearly 17% on the week. The performance of Chinese equities propelled the MSCI Emerging Markets Index higher as well; this index rose 6% on the week. Despite the meteoric rise, Chinese stocks are still down more than 40% from the highs of 2021.

China's economy has struggled the last few years due in part to the country's severe COVID restrictions reintroduced in mid-2022. Concerningly, input prices have declined on a year-over-year basis for 6 quarters, meaning that producers are experiencing outright deflation. The consumer-facing price level has been muted as well, with the year-over-year change in prices negative or unchanged in three of the past 5 quarters. Deflation is a vicious cycle that can hamstring economic growth as spending and investment is deferred due to the expectation that prices will be lower in the future. China's central bank will be hoping the announced monetary stimulus arrests this cycle. Although the Chinese economy may be hindered by low-to-negative price inflation, cheap goods from a major trading partner will help reduce US inflation, aiding the Fed in its goal to return inflation to the 2% target.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
CCL	ISM Manufacturing PMI	CAG	Jobless Claims ISM Services PMI	Nonfarm Payrolls
	NKE		STZ	

Market Snapshot

	Last Week	YTD	1yr
S&P 500	0.4%	21.6%	35.8%
DJIA	0.4%	13.9%	28.8%
Nasdaq 100	0.8%	19.7%	37.1%
Russell 2000	0.2%	10.9%	26.4%
S&P 500 E/W	0.8%	15.0%	28.6%
2yr Yield	3.56%	-0.69%	-1.48%
10yr Yield	3.75%	-0.13%	-0.82%
VIX	17.0	4.5	(0.6)
WTI Crude	\$68.2	-4.8%	-24.9%
Gold	\$2,658	28.9%	45.4%
Bitcoin	\$65,834	57.0%	143.2%

Economic Summary

	Actual	Expected	Prior (r)
New Home Sales	716k	700k	751k
New Home Sales - m/m	-4.7%	-5.3%	10.3%
Initial Jobless Claims	218k	223k	222k
Continuing Claims	1,834k	1,828k	1,821k
Personal Spending - m/m	0.2%	0.3%	0.5%
PCE Price Index - m/m	0.1%	0.1%	0.4%
PCE Price Index - y/y	2.2%	2.3%	2.5%
Core PCE Prices - m/m	0.1%	0.2%	0.2%
Core PCE Prices - y/y	2.7%	2.7%	2.6%

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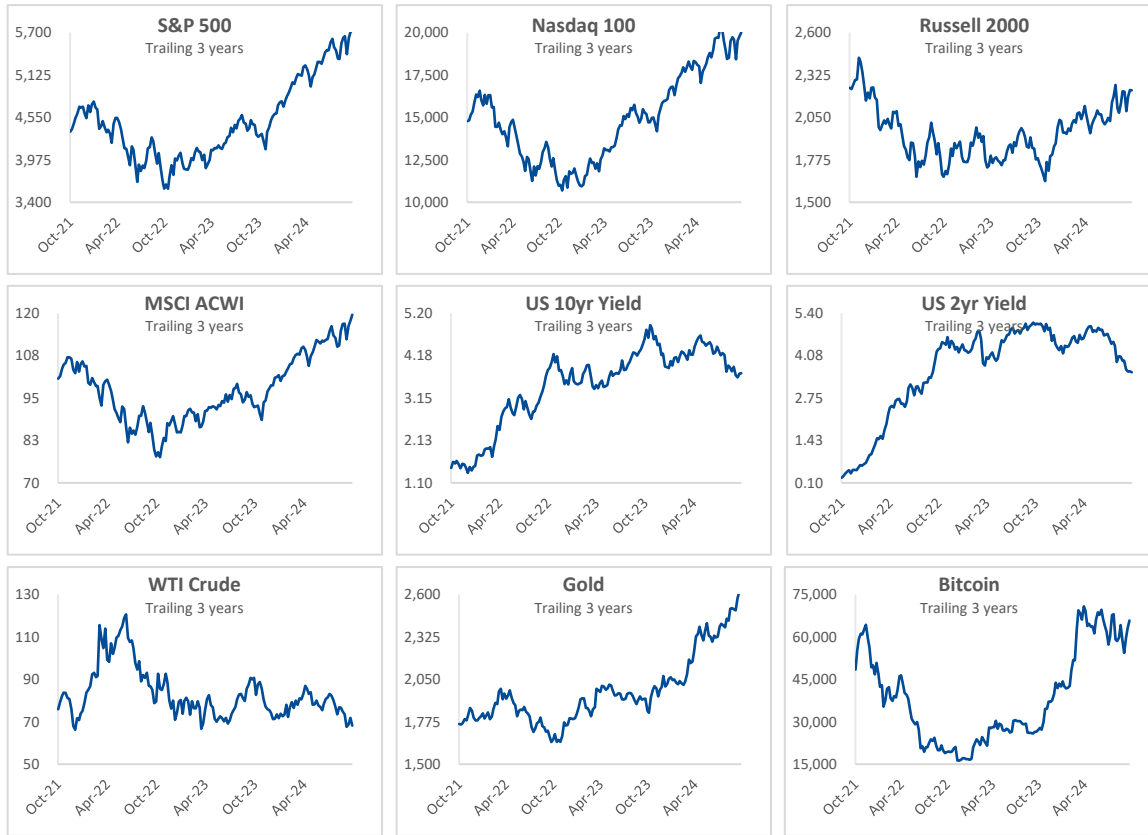
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WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
21.6%	24.9%	13.0%	17.6%
Energy	Financials	Healthcare	Industrials
6.5%	21.4%	13.5%	19.4%
Materials	Real Estate	Technology	Utilities
14.8%	13.2%	17.6%	29.9%

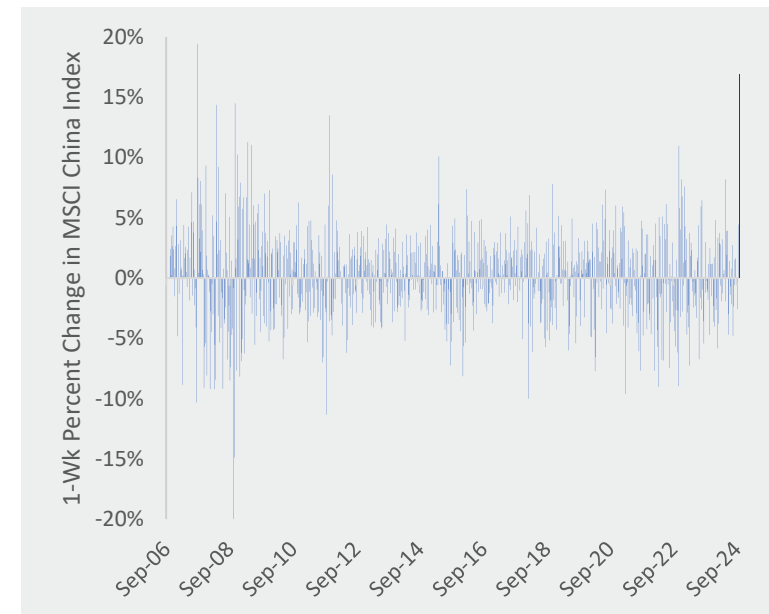
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
24-Sep	AZO	Miss	Miss	-0.2%
25-Sep	MU	Beat	Beat	14.7%
26-Sep	ACN	Beat	Beat	5.6%
	COST	Beat	Miss	-1.8%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	1.6%	18.8%	31.9%
MSCI Europe	2.8%	14.0%	26.6%
MSCI APAC	5.7%	18.9%	28.3%
DXY Index	100.4	-0.9%	-5.4%
EUR / USD	\$1.12	0.0%	3.8%
GBP / USD	\$1.34	5.1%	10.7%
USD / JPY	142.7	1.2%	-4.8%
USD / CNY	7.01	-1.3%	-4.1%

The MSCI China Index Just Had its Best Week in 17 Years



Sources: Bloomberg, Sunflower Bank, Logia Portfolio Management.



WEALTH MANAGEMENT

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