

WEEKLY INSIGHT

October 4, 2024

What a Difference a Day Makes

This week we transitioned into the fourth and final quarter of 2024. The markets were presented with both economic and geo political “tea leaves” to interpret.

On the economic front, the Bureau of Economic Analysis (BEA) reported its final reading of second quarter 2024 U.S. Gross Domestic Product (GDP). GDP increased 3.0%, matching its second estimate. According to the BEA, “...upward revisions to private inventory investment and federal government spending [offset] by downward revisions to nonresidential fixed investment and exports. Imports, which are a subtraction in the calculation of GDP, were revised up.”

BEA also released its Personal Income and Outlays report for August. Personal income rose 0.2%. Similarly, disposable income increased 0.2%, as did personal consumption expenditures (PCE). PCE ex-food and energy increased 0.1%. The U.S. Census Bureau reported Durable Orders for August were flat, versus consensus expectations for a decline of 2.7% and July’s 9.9% increase. August’s report reflects the sixth increase in new orders for manufactured durable goods in the last seven months. New orders ex transportation rose 0.5%, while new orders ex defense decreased 0.2%. Electrical equipment, appliances, and components rose 1.9%, the second such rise in the last three months.

The University of Michigan released its final Consumer Sentiment report for September, which came in at 70.1, the highest reading in five months. September was modestly above the expectations of 69.3 and above August’s reading of 69.0. Increases in current economic conditions and the expectations index were supplemented by a fall in inflation expectations.

October Phobia?

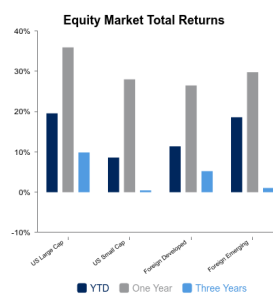
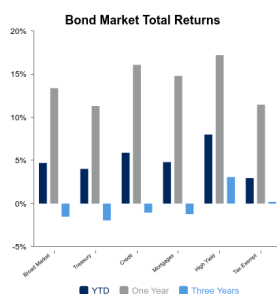
It’s been a challenging week for investors. Going into the weekend equity markets continued their year-to-date rise, only to temporarily fade on October 1 when investor sentiment reacted to Iran’s attack on Israel. The majority of global equity benchmarks fell that day, albeit by 1.5% or less while bonds rose in this “flight to safety.”

For the week, bonds modestly rose 0.1%. Regarding equities, the MSCI Emerging Markets Index rose 4.6% as China aggressively implemented monetary and fiscal policies to spur both spending and investment. The MSCI All Country World Index ex-USA increased 1.2% and was lifted by emerging markets, which fully offset the downturn in developed markets as the MSCI EAFE Index retreated 0.2%.

Within the United States, the Russell 3000 declined 0.2%. Large caps, measured by the Russell 1000, fell 0.2% and Growth declined 1.2%, offsetting the rise of 0.9% in Value. The Russell 2000 was flat.

Stay Tuned

The employment report for September comes out Friday, while third quarter earnings season is just around the corner.



Interest Rates (%)	Current	12M Ago	3YR Ago
Fed Funds Rate (Upper)	5.00	5.50	0.25
3-Month T-Bill	4.59	5.48	0.03
10-Year Treasury	3.78	4.80	1.46
30-Year Treasury	4.13	4.92	2.03
10-Year Corporate AA	4.60	5.94	2.09
10-Year High Yield Corp	6.10	7.99	3.90
Commodity Prices (\$)	Current	12M Ago	3YR Ago
Gold (\$/oz)	2,658.69	1,823.02	1,760.98
Oil (WTI, \$/barrel)	70.10	89.23	75.88
Currencies	Current	12M Ago	3YR Ago
USD (Dollar Index Spot)	101.68	107.00	94.04
USD/EUR	0.91	0.96	0.86
USD/JPY	146.47	149.02	111.05

Keith Akre, CFA, CFP
Senior Trust Officer
(815) 748-1443

Mary Phelan, CTFA
Trust Officer &
Operations Supervisor
(815) 748-1607

Carrie Thompson, JD
Trust Officer &
Legal Counsel
(815) 748-5012

Stacia Little
Trust Officer
(815) 748-1609