Week Ending 10/04/2024

WEEK IN **PERSPECTIVE**

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Choppy Start to Fourth Quarter

The stock market traded lower through most of the week.

The market slid under selling interest that was sparked by general profit-taking efforts after a big run in the third quarter and some nervousness related to a worsening geopolitical environment after Iran fired missiles at Israel, which prompted a vow of retaliation.

The geopolitical angst manifested in rising oil prices. WTI crude oil futures settled at $68.15/bbl last Friday and jumped to $74.40/bbl this Friday. This price action boosted the S&P 500 energy sector, which jumped 7.0% this week.

The three major indices managed to close fractionally higher than last Friday thanks to a rally driven by Friday's release of the September Employment Situation Report.

The report showed stronger than expected hiring, a drop in unemployment, and a rise in average hourly earnings. This was consistent with the market's soft landing narrative, which led to a recalibration in rate cut expectations due to the notion that the Fed won't have to act as aggressive going forward compared to the September meeting.

The likelihood of a 50-basis points rate cut at the November FOMC meeting dropped to 0.0% on Friday, down from 32.1% Thursday and 53.3% a week ago, according to the CME FedWatch Tool.

Market participants were also dealing with growth concerns initially that were stirred by the start of the East Coast and Gulf Coast dockworkers strike. The strike was resolved, at least temporarily, by the end of the week.

Treasury yields moved sharply higher this week. The 10-yr yield jumped 23 basis points to 3.98% and the 2-yr yield settled 37 basis points higher at 3.93%.

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- Nasdaq Composite: +0.1% for the week / +20.8% YTD
- S&P 500: +0.2% for the week / +20.6% YTD
- Dow Jones Industrial Average: +0.1% for the week / +12.4% YTD
- S&P Midcap 400: -0.03% for the week / +12.1% YTD
- Russell 2000: -0.5% for the week / +9.2% YTD

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