

CAPITAL MARKETS REPORT - OCTOBER 28, 2024



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SERVICE BEYOND COMPARISON

Market Movers:

- On Thursday stocks rose for the first time during the week, with traders parsing a slew of corporate earnings for clues on the health of the US economy. Treasury prices rebounded after several days of losses. The bond market ended fairly unchanged despite new home sales beating estimates, initial jobless claims dropping, and business activity expanding at a solid pace.
- Oil climbed as China moved to bolster its economy and traders tracked the risk from tensions in the Middle East. Volatility is elevated for options on stocks, bonds and currencies alike as investors pay up for protection. Risks include the hotly contested US election, forthcoming interest-rate decisions in the US and EU and the threat of a wider conflict in the Mid East.
- Wall Street continued to pare back bets on aggressive policy easing as the US economy remains robust while Fed officials sounded a cautious tone over the pace of future rate decreases. The last time US bonds sold off this much as the Fed started cutting rates, Greenspan was orchestrating a rare “soft landing” in the mid-1990’s. The policy-sensitive two year note yield has jumped 34bps since the Fed cut interest rates on September 18th.
- The Consumer Sentiment report rose to a 6-month high as households grew more upbeat about buying conditions. Consumers expect prices will climb at an annual rate of 2.7% over the next year.
- Treasury prices are opening fairly static this morning. Markets appear to be breathing a sigh of relief that following Israel's retaliatory strike in Iran, both sides have dialed back their incendiary rhetoric. Investors attention is now (for the moment!) focusing on if, and how much, the US government will need to ramp-up borrowing. With neither Presidential candidate focusing on deficit reduction, many see an increase in Treasury supply as inevitable. Have a great week!

Market Last Week

	10/18/24 Close	10/25/24 Close	Weekly Change
2 yr. Note	3.95%	4.11%	+16bps
5 yr. Note	3.88%	4.07%	+19bps
10 yr. Note	4.08%	4.24%	+16bps
30 yr. Bond	4.39%	4.50%	+11bps
SOFR Rate	4.84%	4.83%	-1bp

Data This Week

Date/Time (EDT)	Economic Data	Market Estimate	Prior Report
10/29/24 10:0 AM	Consumer Confidence	99.4	98.7
10/30/24 7:00 AM	MBA Mortgage Applications	n/a	-6.7%
10/30/24 8:15 AM	ADP Employment Change	113k	143k
10/30/24 8:30 AM	CDP Annualized QoQ	3.0%	3.0%
10/31/24 8:30 AM	Personal Income	0.3%	0.2%
10/31/24 8:30 AM	Personal Spending	0.4%	0.2%
10/31/24 8:30 AM	Initial Jobless Claims	230k	227k
10/31/24 9:45 AM	Chicago PMI	47.0	46.6
11/1/24 8:30 AM	Change in Non-farm Payrolls	110k%	254k
11/1/24 8:30 AM	Unemployment Rate	4.1%	4.1%
11/1/24 9:45 AM	US Manufacturing PMI	47.8	47.8
11/1/24 10:00 AM	ISM Manufacturing	47.6	47.2

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