



Tallahassee, Florida

WEEK OF OCTOBER 21, 2024

# Market Update

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The pace of new home construction slowed in September. Bonds were relatively unchanged.

## Quick Hits

- 1. Report releases:** Year-over-year consumer inflation fell to a three-year low in September.
- 2. Financial market data:** Bonds remained relatively unchanged ahead of earnings and the U.S. election.
- 3. Looking ahead:** This week's data will focus on existing home sales, durable goods, and more.



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## Report Releases: October 14–18, 2024

### Retail Sales

September (Thursday)

Retail sales exceeded analyst estimates in September.

- Expected/prior month retail sales monthly change: +0.3%/+0.1%
- Actual retail sales monthly change: +0.4%



### Industrial Production

September (Thursday)

Industrial production fell more than expected, in part because of a decrease in manufacturing output during the month.

- Expected/prior month production change: -0.2%/+0.3%
- Actual production change: -0.3%



### National Association of Home Builders Market Sentiment

October (Thursday)

Home builder sentiment improved modestly in October.

- Expected/prior month sentiment: 42/41
- Actual sentiment: 43



### Housing Starts and Building Permits

September (Friday)

Housing starts and building permits missed economist estimates in September.

- Expected/prior month housing starts monthly change: -0.4%/+7.8%
- Actual housing starts monthly change: -0.5%
- Expected/prior month building permits monthly change: -0.7%/+4.6%
- Actual building permits monthly change: -2.9%



## >> The Takeaway

- Retail sales were better than expected in September.
- Housing data was mixed; home builder sentiment beat expectations, but housing starts and building permits slowed more than anticipated.

## Financial Market Data

### Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	0.87%	1.83%	24.31%	37.89%
Nasdaq Composite	0.80%	1.67%	23.87%	39.98%
DJIA	0.98%	2.30%	16.55%	31.12%
MSCI EAFE	-0.37%	-2.36%	10.87%	24.21%
MSCI Emerging Markets	-0.37%	-1.31%	15.61%	25.99%
Russell 2000	1.87%	2.10%	13.50%	33.57%

Source: Bloomberg, as of October 18, 2024

U.S. equities rose as earnings from Apple and Nvidia continued to pull the market higher. Semiconductors were mixed. ASML showed signs of slowing on softening non-AI trends. Taiwan Semiconductor, on the other hand, continued to be lifted by production of AI chips as the mix continues to shift. Utilities, real estate, and financials were the top performing stocks. Bank of America beat on net interest income. Energy, health care, and communication services were among the lagging sectors.

### Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	-1.67%	2.98%	12.08%
U.S. Treasury	-1.82%	2.28%	9.64%
U.S. Mortgages	-1.86%	2.93%	13.62%
Municipal Bond	-0.25%	1.95%	10.53%

Source: Bloomberg, as of October 18, 2024

Bonds were little changed. The 10-year Treasury yield rose just 1 basis point to 4.08 percent. The 30-year also stayed flat, at 4.38 percent. Investors are waiting on the results from earnings season and the U.S. election to determine the direction of fiscal policy and its potential impact on the Treasury market.

### >> The Takeaway

- In the second week of earnings season, the so-called “Magnificent Seven” and financials helped lift equities higher.
- Yields were relatively unchanged ahead of earnings and the U.S. election.

## Looking Ahead

This week's data will focus on existing home sales, the Federal Reserve's (Fed's) Beige Book, Purchasing Manager Indices (PMIs), and durable goods.

- On Wednesday, we expect the release of **existing home sales** for September and the Fed's Beige Book. The pace of existing home sales is expected to rise after declining in August.
- S&P Global will release its October Flash PMIs for the **service and manufacturing sectors** on Thursday. The manufacturing sector has remained in contractionary territory.
- Finally, on Friday, **durable goods orders** will be unveiled. Headline durable goods orders are set to fall in September.





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