Total Investment Returns—10.31.2024

	October	Last 12 Mos.
Dow Jones Industrial Average	-1.3%	28.9%
Nasdaq Composite	-0.5%	41.9%
S&P 500 Composite	-0.9%	38.0%
S&P MidCap 400	-0.7%	33.0%
S&P SmallCap 600	-2.6%	30.0%
MSCI World ($)	-2.0%	33.7%
MSCI World ex U.S. ($)	-5.1%	23.8%
Bloomberg U.S. Aggregate	-2.5%	10.5%
90-Day Treasury Bills (Yield)	4.5%	5.4%
CPI ex-Food & Energy SA* (Sep 2024)	0.3%	3.3%

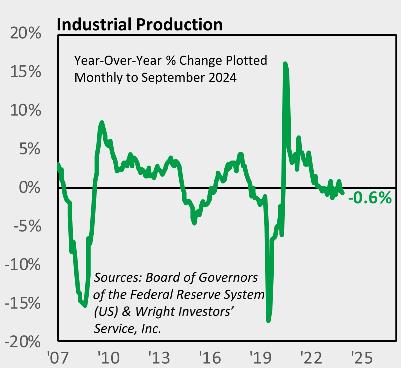
*SA: Seasonally Adjusted
Sources: Bloomberg LP & Wright Investors' Service, Inc.

Employment fell for a third straight month in October, though the decrease was modest and less severe than in August and September. The unemployment rate held steady at 4.1% but was up from 3.8% a year ago, with the number of unemployed rising by 541,000 to 7 million over the past year. Nonfarm payrolls showed minimal growth, adding just 12,000 jobs – well below expectations for a 100,000 increase. The limited job gains likely reflect disruptions from recent hurricanes in the Southeast and a large strike at Boeing. Wages continued to rise, with average hourly earnings for all private-sector nonfarm employees up 13 cents, or 0.4%, to $35.46 in October. Over the past 12 months, wages have grown by 4.0%. Inflation indicators also moderated: the Personal Consumption Expenditures (PCE) inflation rate eased to +2.1% in October from +2.3% in August, while Core PCE inflation, which excludes food and energy prices, remained steady at 2.7%. The Federal Reserve, led by Chair Jerome Powell, is expected to reduce the benchmark rate by a quarter-point, to 4.5% – 4.75%, following a half-point cut in September as it adjusts policy in response to moderating inflation. In the housing market, new single-family home sales in September rose by 4.1% to a seasonally adjusted annual rate of 738,000, up from 709,000 in August. However, housing starts declined slightly to 1,354,000 from a revised 1,361,000 in August, and building permits dropped to 1,428,000 from 1,470,000. These mixed signals suggest ongoing adjustments in the housing sector amid changing interest rates and economic conditions.

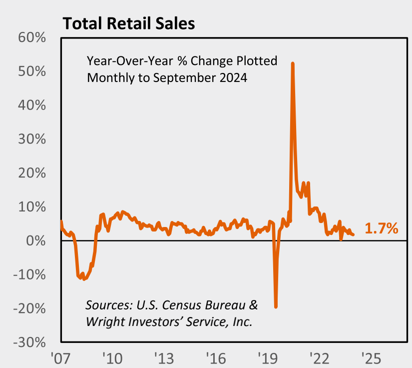
Investment Outlook

The U.S. economy is demonstrating resilience amid mixed signals. The Bloomberg Survey of US Economic Forecasts is projecting a 2.6% growth rate for 2024, moderating to 1.9% in 2025. While inflation has receded from mid-2022 highs, its trajectory remains uneven. The labor market is loosening even as business activity has expanded for nearly two years. Expectations for lower inflation and interest rates are growing, but achieving these goals remain challenging. Nevertheless, the Federal Reserve appears to be steering the economy toward a "soft landing" – an outcome that, if fully realized, could support continued stock market growth. However, sustained demand growth without corresponding supply increases could drive inflation above current forecasts. Additionally, ongoing geopolitical issues, such as the Russia-Ukraine war and the conflict in the Middle East, may lead to supply chain disruptions, putting further pressure on prices. The upcoming election could bring some relief to market volatility, regardless of the outcome. In this environment, maintaining a well-diversified portfolio of high-quality investments remains a prudent long-term strategy, offering stability through both favorable and uncertain times.

Manufacturing: Weakened Slightly



Consumer Spending: Slowing Growth



Core Inflation: Ticked Up This Month