

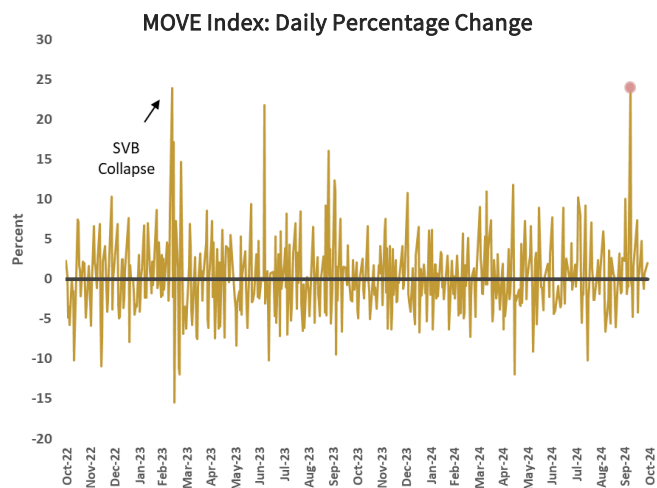
Stock Market Stability Belies Bond Market Volatility

As the stock market continues to notch new highs, underlying uncertainty may go unnoticed. While the stock market projects calm, increased volatility is clearly visible in the bond market. You can expect this week's data releases and next week's election to give markets a clearer direction.

The MOVE Index—the bond market's equivalent to the VIX—has hit volatility levels not seen since last year when 10-year Treasury rates approached 5.00%. Notably, the rate of change in the index reflects levels not seen since the collapse of Silicon Valley Bank (SVB) in the spring of 2023. These heightened volatility levels indicate an acceleration of uncertainty during a period of significant economic releases, earnings reports, and election jitters.

The economic indicators this week are all interconnected and will have a substantial impact on markets. We will receive the GDP report, with a primary focus on consumer spending—the largest driver of GDP. The PCE report will indicate the prices consumers paid, while the consumer confidence survey will reveal their willingness to pay those prices in the future. We will also receive JOLTS and payroll figures, which will highlight the strength of a job market that continues to support U.S. consumer spending.

CHART OF THE WEEK



Source: Bloomberg, as of October 28, 2024.

Index Returns (%)							Index Characteristics				
Equities	Level	1 Week	QTD	YTD	1 Year	3-Year Ann.	NTM P/E	NTM P/E (20Y med)	NTM P/S	NTM P/S (20Y med)	Div. Yld
S&P 500	5824	-0.52	1.13	23.45	43.47	9.83	24.5	16.8	3.1	1.7	1.3
Russell 1000 Growth	3861	-0.18	2.14	27.22	49.99	9.91	32.8	19.8	5.7	2.0	0.6
Russell 1000 Value	1873	-0.81	0.26	16.99	35.32	7.16	19.1	14.9	1.9	1.4	2.0
FTSE High Dividend Yield*	456	-0.69	0.80	18.27	35.05	9.42	14.8	14.2	1.6	1.6	3.9
S&P Small and Mid Cap	17497	-0.42	0.19	12.47	36.28	4.67	19.2	19.0	1.3	1.2	1.6
MSCI EAFE	2369	-0.94	-3.99	9.03	25.71	3.83	15.0	14.7	1.5	1.1	3.0
MSCI EM	1138	-0.91	-2.77	13.90	27.25	-0.51	13.8	12.6	1.5	1.3	2.5

* Bloomberg U.S. Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.

Fixed Income	Yield	1 Week	QTD	YTD	1 Year	3-Year Ann.	Levels				
U.S. Aggregate	4.70	-0.42	-2.45	1.89	10.25	-2.19	Currencies	Last	1 Wk Ago	Prev YE	3 Yrs Ago
U.S. Int. Gov/Credit	4.40	-0.30	-1.49	3.12	8.08	-0.14	DX	104.49	104.08	101.33	93.35
U.S. Corporates	5.12	-0.33	-2.34	2.86	13.31	-2.04	\$ per €	1.08	1.08	1.10	1.17
High Yield	7.27	-0.14	-0.40	7.58	16.99	3.02	\$ per £	1.30	1.30	1.27	1.38
Municipals (1-10)	3.21	-0.61	-1.03	0.82	6.61	0.27	¥ per \$	153.60	151.08	141.04	113.58

Key Rates	Last	1 Wk Ago	Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago	Levels				
2-yr Treasury	4.14	4.03	3.64	4.25	5.06	0.49	Commodities	Last	1 Wk Ago	Prev YE	3 Yrs Ago
10-yr Treasury	4.28	4.21	3.78	3.88	4.90	1.58	Oil (WTI)	66.75	71.74	70.30	62.12
30-yr Treasury	4.53	4.50	4.12	4.03	5.05	1.98	Gasoline	3.13	3.16	3.12	3.40
SOFR	4.82	4.83	4.96	5.38	5.31	0.05	Natural Gas	2.25	2.31	2.51	5.78
6-mo. CD rate	4.54	4.57	4.41	5.28	5.73	0.33	Gold	2765	2749	2063	1799
Prime Rate	8.00	8.00	8.00	8.50	8.50	3.25	Copper	9173	9438	8464	9856
30-yr fixed mortgage	7.23	7.09	6.68	6.99	8.08	3.14	Wheat	569	576	628	773
							BBG Index	235.79	239.72	226.43	222.74

Returns as of October 28, 2024

LAST WEEK IN REVIEW

- **Federal Reserve Beige Book (Sept. 5 – Oct. 11):** A softer picture of economic activity than recent official economic reports, with only 2 of 12 districts reporting growth.
- **S&P U.S. Flash PMIs (Oct.):** Divergence between manufacturing and services continues. Manufacturing: 47.8. Services: 55.3.
- **U. of Mich. Sentiment (Oct.):** Slight improvement from Sept.: 70.5 vs. 68.9.

THIS WEEK

- **JOLTS (Sept.):** 10/29
- **U.S. GDP (Q3 2024):** 10/30
- **Personal Income & Spending (Sept.):** 10/31
- **PCE Price Index (Sept.):** 10/31
- **Payrolls & Unemployment (Oct.):** 11/1
- **ISM Manufacturing PMI (Oct.):** 11/1

S&P SECTOR RETURNS

