

CAPITAL MARKETS REPORT - SEPTEMBER 23, 2024



Birmingham (866) 405-6864
Baton Rouge (800) 421-6182
Shreveport (866) 453-5150
Little Rock (800) 737-0535

SERVICE BEYOND COMPARISON

Market Movers:

- The Federal Reserve lowered its benchmark interest rate by a half percentage point on Wednesday, an aggressive start to a policy shift aimed at bolstering the US labor market. The FOMC voted 11 to 1 to lower the Federal Funds rate, the first rate cut in more than four years stating *“this reflects our growing confidence that with an appropriate recalibration of our policy stance, strength in the labor market can be maintained in a context of moderate growth and inflation sustainably moving down to 2%.”*
- Prior to the half-point Fed cut Wednesday, money continued to flow into economically sensitive corners of the market. While the S&P 500 edged only mildly higher Monday, most shares were positive. An equal weighted version of the S&P hit a record high on hope the rally will broaden out. Banks outperformed the broader market on bets a soft economic landing would outweigh ongoing margin pressures. Ten-year treasury yields declined three basis points to 3.62% and the dollar fell to its lowest since January.
- Investors are currently betting on an additional 75 bps of cuts by year end, although Powell cautioned against assuming the half point move sets a pace that policy makers would continue. That caution slowed the equity rally later in the week. Stocks eventually closed little changed and the 10-year advanced six basis points to 3.70%.
- Traders were digesting differing views espoused by Fed Governors Waller and Bowman Friday. Waller said it was favorable inflation data that convinced him to support the Fed’s decision for a half percentage point cut. Bowman, the lone dissenting voice against the jumbo cut, said the move was declaring victory over inflation too early.
- Notably, the long-inverted yield curve has, albeit ever so slightly, re-assumed a positive slope with the 2/10 yield differential at +15bps! (3.60% - 3.75%).

Market Last Week

	9/13/24 Close	9/20/24 Close	Weekly Change
2 yr. Note	3.58%	3.60%	+2 bps
5 yr. Note	3.43%	3.50%	+7 bps
10 yr. Note	3.66%	3.74%	+8 bps
30 yr. Bond	3.98%	4.09%	+11bps
SOFR Rate	5.33%	4.83%	-50bps

Data This Week

Date/Time (EDT)	Economic Data	Market Estimate	Prior Report
9/23/24 9:45 AM	S&P Manufac- ing PMI	48.6	47.9
9/24/24 10:00 AM	Consumer Confidence	104.0	103.3
9/25/24 7:00 AM	MBA Mortgage Applications	n/a	14.2%
9/25/24 10:00 AM	New Home Sales	700k	739k
9/26/24 8:30 AM	GDP Annualized QoQ	3.0%	3.0%
9/26/24 8:30 AM	Personal Consumption	2.9%	2.9%
9/26/24 8:30 PM	Durable Goods Orders	-2.8%	9.8%
9/26/24 8:30 AM	Initial Jobless Claims	225k	219k
9/26/24 8:30 AM	Continuing Claims	1833k	1829k
9/27/24 8:30 AM	Personal Income	0.4%	0.3%
9/27/24 8:30 AM	Personal Spending	0.4%	0.5%
9/27/24 10:00 AM	Univ. of Michigan Sentiment	69.4	69.0

Hank Marks: hmarks@bankers-bank.com

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