

# CAPITAL MARKETS REPORT - OCTOBER 21, 2024



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## Market Movers:

- The world's biggest bond market got hit as retail sales beat estimates and traders began trimming their bets on Fed rate cuts. Yields climbed as the economic figures fanned doubts over how quickly the central bank will ease policy. Swap contracts priced in a total of 44bps of cuts over the last two meetings of 2024.
- Tuesday opened the week after the US holiday. Stocks got hit, led by euro-tech leader ASML Holdings falling 16%.
- US Empire Manufacturing fell sharply, down -11.9 versus a -3.6 survey and 11.5 prior. The 10-year treasury yield declined seven basis points to 4.03% as the dollar rose.
- Oil plunged almost 4% as a report that Israel may avoid targeting Iran's crude infrastructure eased concerns about a potential supply disruption.
- MBA mortgage applications dropped 17% Wednesday, versus last week, marking the third consecutive week of declines. Home purchases were down 7.2%. The average 30yr fixed rate mortgage climbed to 6.52%.
- Import prices were down 0.4% month over month and export prices declined 0.7%, both fell more than estimated. The 10-year treasury almost broke 4%.
- Initial jobless claims fell to 241k versus estimates of 259k, continuing claims were only up slightly reinforcing the view the economy is nowhere near a recession. Retail sales and jobs pushed the 10-year up seven basis points to 4.09%.
- On the eve of the 37th anniversary of the "Black Monday" market crash, equities hit fresh all-time highs. The S&P 500 was up for a sixth straight week still led by the "Magnificent Seven". Even as the S&P is having a record year, investor sentiment is subdued, given uncertainties about the Fed, geopolitics and the US election.

## Market Last Week

	10/11/24 Close	10/18/24 Close	Weekly Change
2 yr. Note	3.96%	3.95%	-1bps
5 yr. Note	3.90%	3.88%	-2bps
10 yr. Note	4.10%	4.08%	-2bps
30 yr. Bond	4.41%	4.39%	-2bps
SOFR Rate	4.78%	4.84%	+6bp

## Data This Week

Date/Time (EDT)	Economic Data	Market Estimate	Prior Report
10/21/24 10:0 AM	Leading Index	-0.3%	-0.2%
10/23/24 7:00 AM	MBA Mortgage Applications	n/a	-17.0%
10/23/24 10:00 AM	Existing Home Sales	3.89m	3.86m
10/24/24 8:30 AM	Chicago Fed. Activity Index	0.50	0.12
10/24/24 8:30 AM	Initial Jobless Claims	242k	241k
10/24/24 8:30 AM	Continuing Claims	1875k	1867k
10/24/24 9:45 AM	US Manufactur- ing PMI	47.5	47.3
10/24/24 9:45 AM	US Services PMI	55.0	55.2
10/24/24 9:45 AM	US Composite PMI	53.6	54.0
10/24/24 10:00 AM	New Home Sales	720k	716k
10/25/24 8:30 AM	Durable Goods Orders	-1.0%	0.0%
10/25/24 10:00 AM	Univ. of Michigan Sentiment	69.2	68.9

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