MONTHLY MARKET COMMENTARY, AS OF SEPTEMBER 2024

US Equity	Sep-24	YTD	Last 12m
S&P 500	2.1%	22.1%	36.4%
Russell 1000	2.1%	21.2%	35.7%
Russell 1000 Value	1.4%	16.7%	27.8%
Russell 1000 Growth	2.8%	24.5%	42.2%
Russell 2000	0.7%	11.2%	26.8%
Russell 2000 Value	0.1%	9.2%	25.9%
Russell 2000 Growth	1.3%	13.2%	27.7%
International Equity			
MSCI All-Country World ex-US	2.7%	14.2%	25.4%
MSCI EAFE	0.9%	13.0%	24.8%
MSCI Europe	-5.0%	11.9%	18.8%
MSCI Japan	-2.7%	14.2%	16.4%
MSCI Emerging Markets	6.7%	16.9%	26.1%
Fixed Income			
U.S. Intermediate Treasuries	1.0%	4.2%	8.4%
U.S. Long Treasuries	2.0%	2.4%	15.4%
U.S. TIPS	1.5%	4.9%	9.8%
Corporate IG Bond	1.8%	5.3%	14.3%
High-Yield Bonds	1.6%	8.0%	15.7%
Tax-Exempt Bonds	0.9%	5.4%	14.5%
International Bonds	1.7%	3.6%	12.0%
Emerging Market Bonds	1.8%	8.2%	16.9%
Currencies			
Us Dollar	-0.9%	-0.5%	-5.1%
Euro	0.8%	0.9%	5.3%
Yen	-1.7%	1.8%	-3.8%
Emerging Markets	1.7%	3.0%	7.4%
Real Assets			
Commodities	4.9%	5.9%	1.0%
Energy	0.5%	-4.1%	-21.5%
Industrial Metals	6.8%	12.2%	12.4%
Gold	3.1%	26.3%	47.7%
Master Limited Partnerships	-0.3%	18.6%	24.5%
Real Estate Investment Trust	2.7%	15.9%	34.7%

The month of September saw strong returns across major asset classes despite periods of market volatility. Earlier, August was marked by weaker US economic data, an interest rate hike from the Bank of Japan, and low liquidity, which hurt stocks. However, the Federal Reserve's long-anticipated rate cuts in September, coupled with a more dovish stance from Japan and stimulus in China, spurred the rally. Global equities gained 2.7%[ii] with growth stocks and global REITs outperforming. Fixed income also benefited from lower rate expectations, with the Barclays Global Aggregate index up 1.7%[ii]. Commodities had a muted performance, with Brent Crude down and gold reaching new highs[i].

The Federal Reserve initiated a 50-basis-point rate cut in September, marking the beginning of its easing cycle after 14 months. With unemployment rising to 4.2%[i], the Fed emphasized the need to support the economy. The outlook for US interest rates shifted lower, with market expectations for mid-2025 falling from 4.4% to 3.2%[i]. Other central banks followed suit, with the European Central Bank cutting rates to 3.5% and the Bank of England reducing rates by 25 basis points in August[i].

Equity: In September, the S&P rose 2.1% [ii] benefiting from the Federal Reserve's rate cut. There was a notable shift toward growth stocks, which had underperformed value in recent months. Small-cap stocks also rallied on expectations of lower rates, signaling a healthier and more broad-based market rally.

European equities lagged during the month, delivering a loss of 5.0% [ii]. Germany's reliance on manufacturing and weaker global trade weighed on the region. In the UK, economic optimism faded in September amid concerns over persistent wage growth, which led the Bank of England to take a cautious approach to easing, tempering investor sentiment [i].

Emerging market stocks delivered a 6.7% [ii] return, driven by a late rally after China announced new stimulus measures. Conversely, Japanese stocks fell 2.7% [ii] as the Bank of Japan's rate hike and a stronger yen pressured markets. Later dovish signals helped to reduce losses, but Japan ended the quarter in negative territory.

Fixed Income: Investor expectations for lower interest rates boosted government bond performance in September. US Treasuries returned 1.0% [ii], European sovereigns 1.3% [ii], while UK Gilts lagged slightly due to the Bank of England's cautious approach amid strong wage growth [i]. Credit markets also saw positive performance: investment grade (IG) credit spreads narrowed, delivering a 1.8% [ii] return for the month, turning year-to-date performance positive. High yield bonds saw spread tightening, resulting in 1.6% [ii] returns in the US and 1.3% [ii] in Europe.

Liquid Real Assets: Commodities returned 4.9% [ii] overall in the month, mixed results were seen within its sectors, energy markets underperformed, Brent Crude oil prices plunged due to concerns about weakening global demand and rising inventories. In contrast, gold surged to new highs, driven by safe-haven demand amid economic uncertainty and lower bond yields. Industrial metals like copper struggled due to muted demand from China, while agricultural commodities experienced mixed performance influenced by weather and supply factors.

Sources:

i. *Quarterly Market Review (Q3 2024) – JPM Asset Management.*
ii. *Bloomberg data.*

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