



Weekly Market Commentary

October 21, 2024

The Markets

The bull market in stocks charged past its two-year birthday on October 12. “This unique bull market is still young relative to history and, for now, supported by relatively healthy breadth and broadening participation,” wrote Liz Ann Sonders and Kevin Gordon of Schwab.

One factor in the U.S. stock market’s rise has been the American economy’s surprising strength as it recovers from a surge in inflation. Our economy is “the envy of the world” and “has left other rich countries in the dust,” reported Simon Rabinovitch and Henry Curr of *The Economist*. “Expect that to continue,” they wrote.

The strength of the U.S. economy was reflected in the release of robust economic data and solid company earnings reports last week. Here’s what happened:

- **U.S. retail sales grew faster-than-expected in September.** Retail sales data show how much Americans spent at food and retail stores. The information is considered to be a leading economic indicator, which means that it provides some insight into what may be ahead for the stock market. Will Kenton of Investopedia explained:

“Retail sales is an important indicator that signals either the contraction or expansion of an economy. An increase in retail sales signals a healthy economy that is expanding while a

decrease in retail sales signals the opposite. An increase in retail sales usually moves stocks upward and is good for shareholders.”

- **Third quarter earnings season was off to a good start.** At the end of each quarter, publicly traded companies report on sales and profits for the previous quarter. Earnings season has a direct effect on share prices and stock market performance. “...if most companies, particularly the established market leaders, report increasing sales and earnings, traders tend to feel more confident about the market’s prospects. When earnings are trending below expectations, it can be a warning sign of potential trouble ahead,” explained Schwab.

At the end of last week, 14 percent of the companies in the Standard & Poor’s 500 Index had reported third-quarter performance. Seventy-nine percent had beaten analysts’ earnings (profit) expectations, and 64 percent had beaten revenue (income) expectations, according to John Butters of FactSet.

Major U.S. stock indexes moved higher for the sixth consecutive week, and U.S. Treasury yields finished last week in roughly the same place they ended the week before.

| Data as of 10/18/24 | 1-Week | YTD | 1-Year | 3-Year | 5-Year | 10-Year |
|------------------------------------|---------------|------------|---------------|---------------|---------------|----------------|
| Standard & Poor's 500 Index | 0.9% | 23.0% | 35.9% | 9.3% | 14.5% | 11.9% |
| Dow Jones Global ex-U.S. Index | -0.3 | 9.5 | 21.4 | -0.3 | 4.3 | 3.1 |
| 10-year Treasury Note (yield only) | 4.1 | N/A | 4.9 | 1.6 | 1.8 | 2.2 |
| Gold (per ounce) | 2.4 | 30.5 | 38.7 | 15.3 | 12.7 | 8.1 |
| Bloomberg Commodity Index | -2.6 | -0.4 | -7.2 | -1.8 | 4.5 | -1.7 |

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year

returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

AN OFTEN-OVERLOOKED RETIREMENT RISK. When planning for retirement, there is a risk that is sometimes overlooked—the possibility of cognitive decline. It’s not fun to think about, but a significant number of older Americans experience difficulty with memory, problem-solving, concentration and other important mental tasks. Fortunately, there are some strategies that can help protect you and your loved ones.

As people age, they may not be as sharp as they once were. After 65, learning new information can take longer. Retirees, occasionally, struggle to find the right word or misplace their glasses and keys. This is normal aging that “doesn’t affect recognition, intelligence or long-term memory,” according to the Cleveland Clinic.

In some cases, though, a person experiences a more significant decline in brain function. It may be caused by a health issue, such as a stroke, or a disorder, like Alzheimer’s. About 55 million people world-wide live with Alzheimer’s disease or another type of dementia.

The National Institute on Aging suggests that getting enough sleep, eating healthy meals, being physically active, managing any health conditions, connecting with family and friends, and keeping your brain engaged by learning new things can help keep your brain healthy.

No matter how conscientious you are, it’s also important to organize your finances so they are easy to manage. This often means:

- Building a network of family members and professionals who understand your goals and needs.
- Streamlining your finances so managing money is easier as you age. Automating bill payment, keeping track of accounts through a centralized system, and other actions can help simplify your financial life.
- Putting appropriate planning documents in place, such as a will, a revocable living trust, a power of attorney, and/or a living will that spells out your preferences for medical care.

“Cognitive decline can have devastating consequences for personal finances and sound financial decision-making. The ability to manage finances is one of the first cognitive skills to deteriorate, leaving many people vulnerable to suboptimal financial decision-making and an ever-growing array of pernicious financial scams,” reported Chris Heye in Kiplinger Personal Finance.

If you would like to learn more, please get in touch.

Weekly Focus – Think About It

“Adopt the pace of nature: her secret is patience.”

Ralph Waldo Emerson, American Essayist, Lecturer, Philosopher and Poet

Best regards,

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P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

- * The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- * The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stocks of companies maintained and reviewed by the editors of The Wall Street Journal.
- * The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
- * International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
- * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
- * The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
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