



Market Recap – Tuesday, September 17, 2024

Major Indices (Price Returns)	Close	1-Day Change		WTD	MTD	YTD
S&P 500	5,634.58	+1.49	+0.03%	+0.15%	-0.24%	+18.13%
Dow Jones Industrial Average	41,606.18	-15.90	-0.04%	+0.51%	+0.10%	+10.39%
NASDAQ Composite	17,628.06	+35.93	+0.20%	-0.32%	-0.48%	+17.43%
Russell 2000	2,205.48	+16.31	+0.74%	+1.05%	-0.55%	+8.80%
MSCI EAFE (USD)	2,413.30	-1.92	-0.08%	+0.10%	-1.64%	+7.92%
MSCI Emerging Markets (USD)	1,090.51	+4.49	+0.41%	+0.76%	-0.86%	+6.52%
Bloomberg Commodity Index	97.02	+0.28	+0.29%	+0.87%	+0.98%	-1.64%
Bloomberg U.S. Aggregate Bond	94.70	-0.16	-0.17%	+0.11%	+1.83%	+3.27%

S&P 500 Sector Performance (Price Returns)

Sector	1-Day	YTD	Current P/E 10yr Avg.	Sector	1-Day	YTD	Current P/E 10yr Avg.
S&P 500	+0.03%	+18.1%	21.2x 18.3x	Health Care	-1.01%	+13.7%	19.9x 16.5x
Communication Services	+0.40%	+22.7%	18.4x 18.3x	Industrials	+0.52%	+15.4%	21.9x 19.0x
Consumer Discretionary	+0.62%	+9.4%	25.5x 26.4x	Information Technology	-0.09%	+24.9%	28.1x 20.0x
Consumer Staples	-0.93%	+17.0%	22.1x 19.6x	Materials	+0.16%	+9.1%	20.2x 16.8x
Energy	+1.41%	+4.5%	12.4x 15.4x	Real Estate	-0.84%	+11.6%	19.5x 18.9x
Financials	+0.51%	+20.0%	15.9x 14.3x	Utilities	-0.08%	+24.0%	18.4x 17.4x

Notable Movers

S&P 500 Top 5 Gains & Losses							
Ticker	Company Name	1-Day	YTD	Ticker	Company Name	1-Day	YTD
ENPH	Enphase Energy Inc	+6.3%	-10.3%	ACN	Accenture Plc Ireland	-4.8%	-4.0%
HPE	Hewlett Packard Enterprise	+5.6%	+7.2%	EW	Edwards Lifesciences Corp	-3.1%	-11.8%
MRNA	Moderna Inc	+4.1%	-27.6%	CI	The Cigna Group	-2.9%	+19.0%
URI	United Rentals Inc	+3.9%	+34.5%	CSGP	Costar Group Inc	-2.8%	-13.3%
SYF	Synchrony Financial	+3.9%	+28.8%	COR	Cencora Inc	-2.8%	+14.2%

S&P 400 (Mid Cap) Top 5 Gains & Losses

Ticker	Company Name	1-Day	YTD	Ticker	Company Name	1-Day	YTD
ADNT	Adient Plc	+5.9%	-40.4%	THC	Tenet Healthcare Corp	-4.7%	+107.7%
RRX	Regal Rexnord Corporation	+5.1%	+10.6%	MDU	Mdu Res Group Inc	-3.2%	+33.4%
NYCB	New York Cmnty Bancorp	+5.1%	-60.9%	RMBS	Rambus Inc Del	-2.8%	-43.4%
CAR	Avis Budget Group	+5.0%	-53.1%	SAIC	Science Applications Intl Co	-2.6%	+7.8%
CELH	Celsius Hldgs Inc	+4.9%	-36.2%	RGEN	Repligen Corp	-2.6%	-24.1%

Source: FactSet; P/E uses forward (next twelve months) consensus EPS estimate (FFO for Real Estate)

The Day Ahead – Wednesday, September 18, 2024

S&P 500 futures are indicating a higher open this morning

Asian Markets	Overnight	YTD	1-Year	European Markets	Today	YTD	1-Year
Japanese Nikkei 225	+0.49%	+8.7%	+8.5%	London FTSE 100	-0.45%	+7.0%	+7.3%
Hong Kong Hang Seng	Closed	+3.6%	-1.5%	Euro STOXX 50	-0.27%	+7.2%	+12.9%
Shanghai Composite	+0.49%	-8.7%	-13.1%	Germany DAX	+0.10%	+11.9%	+19.2%
Commodities & FX	Current	Today	YTD	U.S. Treasuries	Current	Today	YTD
Crude Oil (WTI)	\$69.29	-2.7%	-3.3%	30-Year Yield	3.99%	+0.03	-0.05
Natural Gas (NYMEX)	\$2.36	+1.4%	+1.3%	10-Year Yield	3.68%	+0.03	-0.20
Gold	\$2,604	+0.5%	+25.7%	5-Year Yield	3.47%	+0.03	-0.38
Silver	\$31.00	+0.1%	+28.7%	2-Year Yield	3.62%	+0.03	-0.63
EUR/USD	1.113	+0.2%	+0.9%	3-Month Yield	4.86%	+0.01	-0.49
Dollar Index (DXY)	100.76	-0.1%	-0.6%	Current Fed Funds Target: 5.25% to 5.50%			

Sources: FactSet, Thomson Reuters

Economic Calendar

	Release (PT)	Period	Actual	Consensus	Previous
MBA 30-Year Mortgage Rate	04:00	09/13	6.2%		6.3%
MBA Mortgage Applications SA	04:00	09/13	14.2%		1.4%
Building Permits SAAR	05:30	AUG	1,475K	1,410K	1,406K
Housing Completions SAAR	05:30	AUG	1,788K		1,637K
Housing Starts M/M	05:30	AUG	9.6%	5.5%	-6.9%
Housing Starts SAAR	05:30	AUG	1,356K	1,325K	1,237K
EIA Crude Oil Stocks	07:30	09/13			0.83M
EIA Distillate Stocks	07:30	09/13			2.3M
Cushing OK Crude Inventory	07:30	09/13			-1.7M
Total Fuel Ethanol Inventory	07:30	09/13			23.7M
Fuel Ethanol Total Production	07:30	09/13			1.1M
U.S. Refinery Utilization	07:30	09/13			-0.5%
EIA Gasoline Stocks	07:30	09/13			2.3M

Source: FactSet

Today's Earnings Releases (AM):

GIS

Today's Earnings Releases (PM):

SCS

This Morning's Earnings Reports (vs. consensus)

Above:	GIS
In-Line:	
Below:	

This Morning's Earnings Guidance (vs. consensus)

Above:	
In-Line:	
Below:	

This Morning's Analyst Reports (Street)

Upgrades:	VSCO, VFC, UBSFY, SLG, SIRI, NMIH, IHG, GEHC, EXR, BAK, AMBC
Downgrades:	COR, RMD, POR, INCY, EW

Sources: Briefing.com, MarketWatch

Market Headlines | **Company Headlines**

The S&P 500 is down slightly at market open this morning after the index finished relatively unchanged on Tuesday, though did touch all-time high levels during the session. Major Asia-Pacific equities were mixed overnight, and European equity indices are mostly lower at mid-session.

The Fed's highly anticipated Federal Open Market Committee meeting for September ends today with a policy statement expected around 3 PM ET and a press conference from Fed Chair Powell expected at 3:30 PM ET. The options market is implying a 100% chance the Fed cuts rates by at least 25 basis points (bp) during the meeting and a 60% chance of a 50bp cut.

August housing starts of 1,356 thousand (K) were higher than the 1,325K consensus and were up +9% month-over-month (M/M). Building permits rose +5% M/M to 1,475K.

Financial Times reports that **Blackrock (BLK)** and **Microsoft (MSFT)** are planning to launch a more than \$30 billion (B) artificial intelligence infrastructure fund to build data centers and energy projects, with investments intended to address the expected energy demands of artificial intelligence.

Reuters reports that activist investor **Elliott Investment Management LP (private)** still wants to oust **Southwest Airlines (LUV)** CEO Robert Jordan. The news, which was obtained from a union memo, comes after the company pledged to shake up its board leading to the resignation of nearly half of its board members.

Intuitive Machines (LUNR) shares are up in premarket trading after news the company was awarded a NASA contract with a max potential value of \$4.8 billion.

Looking Ahead:

U.S. stock index futures were subdued as cautious investors awaited the Federal Reserve's first rate cut in more than four years. Notwithstanding the economic buoyancy, as indicated by better than predicted retail sales on Tuesday, market bets are leaning towards a 50-bps reduction. The focus will also be on Fed Chair Jerome Powell's commentary and policymakers' 'dot plot' of future rate projections. European shares edged lower as investors stayed on the sidelines. In the UK, stocks underperformed and sterling edged up as service sector inflation sped up in August. Meanwhile, Japan's Nikkei rebounded modestly as a softer yen helped exporters. China stocks ended higher on gains in property and financial shares. The dollar slipped and gold prices inched up, with a more substantial rate cut expected to push the bullion prices even higher. Separately, oil lost ground as U.S. crude and fuel inventories increased. Additionally, U.S. August housing starts and building permits data are due later in the day.

- "Before the Bell", Thomson Reuters Morning News Call

Sector Valuation Matrix:

September 17, 2024								(Column A)	(Column B)	(Column C)
Sector	S&P 500 Weight	P/E (FY1)*	P/E (FY2)*	P/B	P/CF	P/S	EV/EBITDA	6-Factor Avg.	Historical Avg.	Difference
Communication Services	8.8%	0.88	0.86	0.90	0.76	1.25	0.70	0.89	1.04	-0.15
Consumer Discretionary	10.0%	1.19	1.20	1.83	1.01	0.86	0.98	1.18	1.41	-0.23
Consumer Staples	6.1%	0.99	1.06	1.33	1.02	0.51	0.91	0.97	1.08	-0.11
Energy	3.4%	0.57	0.59	0.41	0.44	0.44	0.42	0.48	0.71	-0.23
Financials	13.2%	0.72	0.76	0.43	0.60	0.86	1.07	0.74	0.87	-0.13
Health Care	12.1%	0.97	0.92	1.12	1.41	0.64	1.12	1.03	1.02	0.01
Industrials	8.5%	1.04	1.03	1.31	1.08	0.84	0.96	1.04	1.05	-0.01
Information Technology	30.7%	1.37	1.30	2.46	1.72	3.03	1.53	1.90	1.39	0.51
Materials	2.2%	0.97	0.94	0.64	0.87	0.82	0.79	0.84	0.86	-0.02
Real Estate	2.4%	0.86	0.94	0.67	1.24	2.57	1.29	1.26	1.58	-0.32
Utilities	2.5%	0.84	0.88	0.46	0.56	0.97	0.78	0.75	0.84	-0.09
S&P 500	100.0%	23.42x	20.34x	4.98x	17.04x	2.91x	17.37x			

*Current Fiscal Year (FY1) and Next Fiscal Year (FY2) Consensus EPS Estimate. Ratio uses funds from operations (FFO) for Real Estate sector instead of EPS

Data Source: FactSet

Global Valuation Matrix:

September 17, 2024								(Column A)	(Column B)	(Column C)
Index		P/E (FY1)*	P/E (FY2)*	P/B	P/CF	P/S	EV/EBITDA	6-Factor Avg.	Historical Avg.	Difference
S&P 500 (SPY): Large-Cap U.S.		1.22	1.20	1.54	1.36	1.36	1.22	1.32	1.25	0.07
Russell 2000 (IWM): Small-Cap U.S.		1.62	1.31	0.65	0.75	0.59	1.06	1.00	1.13	-0.14
MSCI EAFE (EFA): Developed Intl		0.76	0.79	0.61	0.68	0.66	0.73	0.71	0.82	-0.12
MSCI Emerging Markets (EEM)		0.68	0.67	0.59	0.62	0.67	0.72	0.66	0.75	-0.10
iShares MSCI ACWI (ACWI)		19.07x	16.84x	3.17x	12.48x	2.15x	14.23x			

*Current Fiscal Year (FY1) and Next Fiscal Year (FY2) Consensus EPS Estimate.

Data Source: FactSet

Valuation Matrix Explanation: The valuation matrices above analyze the average valuation of the eleven S&P 500 GICS sectors vs. the S&P 500 index, and four major equity asset classes vs. the global index (iShares MSCI All Country World Index (ACWI) ETF: ACWI). **Column A** calculates each sector or region *current* relative valuation to its broad index by averaging six notable ratios listed above: price/earnings (FY1 and FY2), price/book value, price/cash flow, price/sales, and enterprise value/EBITDA. **Column B** displays each sector or region 10-year average *relative* valuation to its broad index based on these factors. **Column C** on the far right calculates the difference between the *current* and *historical* relative valuations for each sector or region. A positive differential indicates that the sector/region currently trades at a **premium** vs. its 10-year average, and a negative differential indicates that the sector/region currently trades at a **discount** vs. its 10-year average. Premiums and discounts above/below 10% shown in red/green, respectively.

Technical Overview:

	Short-Term Trend (20-Day)	Intermediate Trend (20-Week)	Long-Term Trend (20-Month)
DJ Industrial Average	UPTREND	UPTREND	UPTREND
S&P 500	UPTREND	UPTREND	UPTREND
NASDAQ Composite	UPTREND	UPTREND	UPTREND
Russell 2000	UPTREND	UPTREND	UPTREND
MSCI EAFE (EFA)	TRANSITION ZONE	UPTREND	UPTREND
Emerging Markets (VWO)	UPTREND	UPTREND	UPTREND
	50-day Moving Avg.	200-day Moving Avg.	Current Price
DJ Industrial Average	40,467	38,946	41,606.18
S&P 500	5,513	5,183	5,634.58
NASDAQ Composite	17,481	16,387	17,628.06

Sources: FactSet, D.A. Davidson & Co

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