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Recent Trends

Economy

- Inflation fell to a 2.5% YoY pace—allowing policymakers to shift their focus to the labor market.
- China unveiled its biggest stimulus package since the pandemic as downside growth risks mount.

Equities

- The S&P 500 rose for the 5th consecutive month, with market leadership broadening beyond mega-cap tech.
- Chinese stocks surged following new stimulus, and spillover effects pushed EM equities to two-year highs.

Fixed Income

- The Fed kicked off its easing cycle after a 14-month hold, cutting rates by an upsized 50 bps in September.
- Treasuries posted their fifth straight month of gains, driving the 2-year/10-year yield curve to uninvert.







Commodities & Currencies

- Oil prices fell to a more than a one-year low due to record US production, rising inventories and softer Chinese demand.
- The US dollar (-4.8% QoQ) saw broad-based weakness as markets priced in an aggressive Fed easing cycle.



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Key Year-End And 12-Month Forecasts and Views

 <p>ECONOMY US GDP: +2.0%</p> <p><i>We lifted our 2024 forecast to 2.6% due to the economy's resilience. While slowing job growth should dampen consumer spending in the months ahead, Fed cuts, business capex, and fiscal spending should keep the economy on a path for a soft landing. 2025 GDP should slow to 2.0%.</i></p>	 <p>BOND MARKET 10-Yr Treasury: 4.0%</p> <p><i>Fed easing cycles have historically led to lower bond yields. However, we expect the 10-year Treasury yield to remain stable around 4.0% over the next 12 month as concerns about the US's fiscal health limit further declines. We favor high quality corporates and municipal bonds.</i></p>	 <p>EQUITIES S&P 500: ~5,850</p> <p><i>Election uncertainty and elevated valuations could see a near-term pullback; however, we remain optimistic longer term. We maintain our 5,400 year-end target and expect 5,850 (\$265 EPS, 22x P/E) in 12 months. We favor Tech, Health Care, Industrials, small caps, and US equities.</i></p>
 <p>DOLLAR EUR/USD: 1.10</p> <p><i>Shifting interest rate differentials should remain a key factor driving the direction of the US dollar. We expect the euro to trade in a 1.05-1.15 range vs. the USD over the next 12 months, while the Japanese yen strengthens as rate differentials with the US narrow.</i></p>	 <p>OIL Oil: ~\$75/barrel</p> <p><i>We lowered our 12-month forecast for WTI to \$75/bbl due to worsening supply-demand imbalances. Weak demand from China should keep a lid on prices despite rising geopolitical risks. Any escalations in the Middle East that threaten supply could lead to temporary price increases.</i></p>	 <p>VOLATILITY Higher</p> <p><i>Volatility should remain elevated in the near term amid rising geopolitical tensions, overly optimistic earnings expectations, and election uncertainty. However, volatility should subside once the results of the election are known.</i></p>

Disclosures

US government bonds and treasury bills are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value. U.S. government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. The **US Dollar Index** is a measure of the value of the U.S. dollar against six other foreign currencies. The **currency pair EUR/USD** indicates how many US dollars (the quote currency) are needed to purchase one euro (the base currency). **WTI crude oil** is a specific grade of crude oil and one of the main three benchmarks in oil pricing, along with Brent and Dubai Crude. The **S&P 500 Total Return Index** is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. Sector investments are companies engaged in business related to a specific economic sector and are presented herein for illustrative purposes only and should not be considered as the sole basis for an investment decision. Sectors are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification. All expressions of opinion reflect the judgment of the author and are subject to change. Fixed income securities (or "bonds") are exposed to various risks including but not limited to credit (risk of default of principal and interest payments), market and liquidity, interest rate, reinvestment, legislative (changes to the tax code), and call risks. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. There is no guarantee that these statements, opinions or forecasts provided herein will prove to be correct. Past performance is not a guarantee of future results. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Investment products are: not deposits, not FDIC/NCUA insured, not insured by any government agency, not bank guaranteed, subject to risk and may lose value. ©2024 Raymond James & Associates, Inc. member New York Stock Exchange / SIPC. ©2024 Raymond James Financial Services, Inc., member FINRA / SIPC. Contact information: INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER // 880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863 // RAYMONDJAMES.COM