

The Atlantic Legacy Group at Morgan Stanley Monthly Market Viewpoint – October 2024

A summary of our view of the market at the given moment

Capital Market Indices

S&P 500

- **Year to Date** – ↑22.7%
 - **Month to Date** – ↑0.5%
- As of: October 09, 2024
Source: Morgan Stanley's Capital Market Indices, October 10, 2024

Bloomberg Aggregate Bond Index

- **Year to Date** – ↑2.9%
 - **Month to Date** – ↓1.4%
- As of: October 09, 2024
Source: Morgan Stanley's Capital Market Indices, October 10, 2024

MSCI EAFE

- **Year to Date** – ↑10.9%
 - **Month to Date** – ↓2.3%
- As of: October 09, 2024
Source: Morgan Stanley's Capital Market Indices, October 10, 2024

Morgan Stanley Mid-Year Target

2025 S&P 500 – 5,400
Source: GIC Weekly, October 07, 2024

Economic Concerns

1. Inflation
2. Interest Rates
3. Consumer Sentiment

Economic Indicators

1. U.S. Unemployment Rate
2. Consumer Price Index (CPI)
3. Consumer Confidence

Our Approach to Navigating this Environment

** All references to "we" and "our" reflect the opinions of Carl Pierson, and Christopher Russi of The Atlantic Legacy Group**

Can it be done?

September was another positive month for U.S. equity markets. The Standard & Poor's *S&P 500 Index* finished the month higher close to a return of 22% (Morgan Stanley, *The GIC Weekly*, October 07, 2024). This was all accomplished as tensions in the Middle East escalated, the Russia/Ukraine conflict continued, Hurricane Helene swept through mid-America and let's not forget the looming U.S. elections. Despite these challenges the market nudged higher and the outlook for 2025 remains very positive with consensus S&P 500

earnings growth expectations over 14% year over year (Morgan Stanley, *The GIC Weekly*, October 07, 2024). We can think of no better question then to say, “Can it be done?”

So much depends on the U.S. consumer. Recent numbers show the consumer is in very good shape. Recent unemployment numbers showed a tick lower to 4.10% versus prior reading 4.20% and average hourly earnings improved as well (Bureau of Labor and Statistics). So not only is the consumer employed, but they’re getting paid more. These numbers have translated into stronger spending and was illustrated in a strong retail sales report released in September for the month of August. We look forward to seeing if that trend continues when the figures come out mid-October but at this point it would be our opinion that the strong projections for 2025 remain intact and “Yes, it can be done”.

However, with any projection, there are risks associated. Should the rug be pulled out from under the economy in ways like another unforeseen shock to the system that was 2007/2008, or maybe a misjudgment by the Federal Reserve adjusting interest rates too far in the wrong direction or another Geo-political event; either of these could put projections in jeopardy. For that reason, we remain cautious given just how much falls on the consumer. Just a small decrease in spending could drastically reduce earnings projections and any adjustment to earnings is immediately reflected in stock prices. Given the market is trading at all-time highs and on high valuations we suggest investors not over-weight equities and remain in their base-line allocations dependent on individual risk tolerance.

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