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The Harbor Park Group At Morgan Stanley

Quarterly Market Mosaic – Third Quarter 2024

An indepth insight and comprehensive analysis of market insights on significant developments and trends that unfolded in the third quarter.

	July	Aug.	Sept.	3Q 2024	YTD 2024
DJIA	4.5%	2.0%	2.0%	8.7%	13.9%
S&P 500	1.2%	2.4%	2.1%	5.9%	22.1%
NASDAQ Composite	(0.8)%	0.7%	2.7%	2.6%	21.2%
Source: www.ajovista.com					

The stock market's performance in the third quarter was driven by relatively strong performance of sectors outside of technology, with both the DJIA and S&P 500 outperforming the tech heavy NASDAQ Composite over the three-month period. The S&P 500's gain for the first nine months this year was the best performance for the index since the first three quarters of 1997.[i]

Likewise, smaller capitalization value stocks joined the rally in the third quarter, outperforming larger cap growth stocks as reflected in the performance of the S&P SmallCap 600 Value index up 11.3% in the quarter compared to the S&P MidCap 400 Growth index up 4.6% over the same period.[ii]

As the stock market continued its move upward this year, so did investors' enthusiasm for investing in it. US households' stock allocations have steadily increased this year and recently accounted for approximately 42% of total household financial assets, the highest allocation on record dating back to 1952.[iii]

The bond market joined the rally in the third quarter too. The 10-year treasury yield declined to 3.8% at the end of September from 4.3% at the end of June, contributing to the strong performance of treasury bonds in the quarter with the Bloomberg US Aggregate Government Treasury Long Bond Index rising 7.8% in the quarter[iv], outperforming both the S&P 500 and the NASDAQ Composite over the three-month period.

The Federal Reserve cut the Federal funds rate by 50 basis points in September to a target range of 4.75%-5.0%, the first rate cut in four years.[v] The Federal Reserve's dual mandate is maximum employment and a 2% inflation rate as measured by the Personal Consumption Expenditures (PCE), which declined to 2.2% on an annual basis in August from 2.6% three months earlier.

In addition to the decline in the PCE inflation rate, the Fed cited slowing job gains and an uncertain economic outlook as reasons to have cut the Fed funds rate. One economic data point that deserves mentioning is that serious credit card delinquencies, defined as 90+ days delinquent, rose 41% to 7.2% at the end of the second quarter this year compared to 5.1% a year ago.

As this is being written, tensions in the Middle East have escalated and dockworkers at dozens of US ports on the East and Gulf coasts have gone on strike after rejecting an offer of a 50% wage increase over six years.[vi] Coupled with the ongoing rhetoric leading up to the US Presidential election in November it wouldn't be surprising for the stock market to be volatile over the next few months.

We will be posting a quarterly market update to our website on an ongoing basis, after the end of each calendar quarter. Please contact us with any comments and/or questions. We welcome your feedback.

For more information Click Here to Visit Our Team Website

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Nancy is a Certified Financial Analyst for the Harbor Park Group. She started her career at Legg Mason (LM) in July 1982 as a secretary in the Accounting Department, shortly after graduating Cum Laude from Towson State University with a BS in Finance. Within six weeks she was promoted to a Staff Accountant and was involved in preparing the financial statements for Legg Mason's IPO in 1983. In 1985 she transitioned to the Funds Management division of LM, being hired by Ernie Kiehne to be a Securities Analyst for the group of mutual funds that he and Bill Miller were managing. In the 1990s she became the co-manager, then the sole manager of the Total Return Trust, a growth and income fund, and in 2000 became the assistant manager of the Value Trust, LM's flagship fund.

Nancy received her CFA in 1988 and her MBA from Loyola College at night, graduating as a member of the Beta Gamma Sigma honor society in 1989. She also received The Baltimore Association of Financial Planners Award upon her graduation from Towson State. She was the President of the Baltimore Security Analysts Society in 1996-1997. She currently volunteers as an InvestWrite Judge, grading student essays for the SIFMA Foundation and previously volunteered for the Maryland Special Olympics during and after college. In the early 2000s she served as a member of the Board of Directors for Chesapeake Academy, the elementary school her children attended.

Nancy and Mike were married in 1991 and had five sons within 3 ½ years – one born in 1994, one in 1996 and triplets in 1998! Nancy's desire to spend the majority of her time raising her children led her to transition to Mike's investment team, where she has worked part time since 2005.

Disclosures:

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For index, indicator and survey definitions referenced in this report please visit the following:
https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions

An investment cannot be made directly in a market index.

[i] WSJ October 1, 2024
[ii] www.ajovista.com October 1, 2024
[iii] WSJ September 3, 2024
[iv] www.ajovista.com October 1, 2024
[v] FOMC Statement September 18, 2024
[vi] WSJ October 2, 2024