# September Market Performance

## Stock Market Gains:

The S&P 500 hit new highs in late September. As of September 23, it was up 1.4% for the week, marking the fifth positive week out of six. The previous all-time high of around 5,667 was surpassed, with the S&P closing at 5,702 (9.24.24).

## Sector Performance:

Cyclical sectors outperformed, including energy, financials, and industrials. Consumer discretionary also saw gains, while defensive sectors like consumer staples underperformed. Notably, small-cap stocks, which often benefit from rate cuts, performed well (9.24.24).

## Emerging Markets:

Emerging markets showed strength, buoyed by expectations of Federal Reserve rate cuts, which generally ease global financial conditions. A softer U.S. dollar also helped emerging markets, making it easier to service dollar-denominated debt (9.24.24).

## Commodities:

Gold prices increased in response to the expectation of Fed rate cuts, with the precious metals market performing well. Oil, however, struggled due to OPEC+ decisions to continue production increases (9.3.24) (9.19.24).

## Bond Market:

The bond market had a positive week, with the Bloomberg Aggregate Bond Index up about 50 basis points. The rally was led by mortgage-backed securities and investment-grade corporate bonds, up 60 basis points (9.19.24). Treasury yields also fell slightly, but long-term bonds like the 30-year were not as well-received (9.19.24).

## Economic Data and Fed Expectations:

Inflation: The market narrative shifted due to a lower-than-expected inflation report, making it likely that the Fed would continue cutting rates. A 50 basis point rate cut was anticipated (9.3.24). By mid-September, the market strongly expected a series of Fed rate cuts (9.19.24).

Federal Reserve: On September 18, the Fed was expected to cut rates by 50 basis points. The market's focus was on how far and how fast the Fed would move toward a neutral stance, with further cuts in the series anticipated (9.3.24) (9.19.24).

## September Economic Trends:

Weaker Dollar: The U.S. dollar weakened considerably, down more than 4% over three months, which is significant for international markets (9.19.24).

Potential Pullback: The market experienced volatility, typical for September, and a pullback was expected. Historically, September tends to be a weak month for stocks (9.3.24) (9.19.24).

Labor Market: The jobs report was highlighted as a key event in late September, with market expectations around payroll growth playing a role in rate cut decisions (9.3.24).

## Summary of September's Impact:

September 2024 was marked by continued market gains, particularly in the S&P 500, driven by strong performance in cyclical sectors and tech. The anticipation of Federal Reserve rate cuts—possibly 50 basis points—helped support both equities and bonds. Commodities, especially precious metals, also benefited from a weaker U.S. dollar. However, the economic environment remained uncertain, with market participants bracing for potential volatility due to seasonality, upcoming election concerns, and ongoing Fed actions.