

Open-End Net Fund Flows (\$)	8/24	7/24	YTD (Aug)
Equity	-47.5	-60.4B	-368.5B
Taxable Bond	-0.5	11.2B	105.6B
Municipal Bond	4.2B	2.4B	18.0B
Hybrid	-9.5B	-11.0B	-76.3B
Taxable Money Market	106.9B	27.4B	184.3B

Key Interest Rates/Yields	9/30/24	8/30/24	9/29/23
Federal Funds Target Rate	5.00%	5.50%	5.50%
2-Year T-Note	3.64%	3.92%	5.05%
5-Year T-Note	3.56%	3.70%	4.61%
10-Year T-Note	3.78%	3.90%	4.57%
Bond Buyer 40	4.22%	4.31%	5.05%

Commodities/U.S. Dollar	9/24	YTD	12 Mo.
U.S. Dollar Index (DXY)	-0.90%	-0.55%	-5.08%
FTSE/CC CRB Excess Ret.	2.86%	8.00%	0.14%
Crude Oil/WTI (per Barrel)	-7.31%	-4.86%	-24.91%
Natural Gas (per million BTUs)	37.42%	16.27%	-0.20%
Gold Bullion (Ounce)	5.25%	27.24%	42.64%

Total Return Performance

U.S. Stock Indices	9/24	YTD	12 Mo.
S&P 500	2.14%	22.08%	36.33%
DJIA	1.96%	13.93%	28.85%
Nasdaq 100	2.57%	19.97%	37.48%
S&P MidCap 400	1.16%	13.52%	26.76%
Russell 2000	0.70%	11.16%	26.74%
Russell 3000	2.07%	20.63%	35.18%

U.S. Styles/Market Caps	9/24	YTD	12 Mo.
S&P 500 Growth	2.84%	28.14%	41.06%
S&P 500 Value	1.12%	15.36%	31.07%
S&P MidCap 400 Growth	1.14%	16.86%	28.47%
S&P MidCap 400 Value	1.17%	9.98%	24.95%
Russell 2000 Growth	1.33%	13.21%	27.62%
Russell 2000 Value	0.06%	9.21%	25.86%

Foreign Stock Indices (USD)	9/24	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	1.11%	13.10%	24.98%
MSCI Emerging Markets NET	6.68%	16.86%	26.05%
MSCI Europe NET	0.39%	12.77%	25.23%
MSCI BRIC NET	12.33%	22.42%	26.24%
MSCI EM Latin America NET	0.11%	-12.52%	2.83%
Nikkei 225	0.84%	13.22%	26.41%

Bloomberg Fixed Income Ind.	9/24	YTD	12 Mo.
U.S. Treasury: Intermediate	0.99%	4.19%	8.35%
GNMA 30 Year	0.96%	3.90%	11.48%
Municipal Bond (22+)	1.38%	3.11%	15.08%
U.S. Aggregate	1.34%	4.45%	11.57%
Intermediate Corporate	1.30%	5.71%	11.90%
U.S. Corporate High Yield	1.62%	8.00%	15.74%
Global Aggregate	1.70%	3.60%	11.99%
EM Hard Currency Aggregate	1.81%	8.07%	17.23%

Sources: Bloomberg and Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

The Federal Reserve voted to cut its policy rate by 50 basis points (bps) on 9/18/24, reducing the federal funds target rate (upper bound) from 5.50% to 5.00%. Given reports of continued disinflation and weaker than expected economic data, this policy shift was widely anticipated. Data from the Bureau of Labor Statistics revealed that inflation, as measured by the 12-month rate of change in the consumer price index, stood at just 2.5% in August 2024, a decline of 6.6 percentage points from its most recent high of 9.1% in June 2022. Recent economic data has been weaker than anticipated. September's ISM Manufacturing Index stood at 47.2 (levels below 50 signal contraction), below consensus expectations of 47.5, according to Brian Wesbury, Chief Economist at First Trust Portfolios L.P. Recent housing data reveals a similar trend. Sales of new and existing single-family homes declined by 2.5% and 4.7%, respectively, in August (most recent data). Geopolitical tensions continue to be a potential headwind. The conflict in the Middle East threatens to expand into a larger conflict, with Iran and Israel trading blows. A dockworker strike in the U.S., which began on 10/1/24, threatens to hobble the supply chain, hindering growth.

Stock Market

The S&P 500 Index ("Index") closed at a record 5,762.48 on 9/30/24, according to data from Bloomberg. On 9/19/24, the S&P MidCap 400 Index closed at a record high of 3,124.92, before settling at 3,121.94 at the end of the month. The S&P SmallCap 600 Index closed at 1,422.09 at the end of September, 3.00% below its all-time high set on 11/8/21. In September, the Index posted a total return of 2.14%. Eight of the 11 major sectors that comprise the Index registered positive total returns for the month. The top-performer was Consumer Discretionary, up 7.09%, while the worst showing came from Energy, which was down 2.68%. The Index posted a total return of 36.33% over the trailing 12-month period ended 9/30/24. Each of the 11 major sectors were positive on a total return basis. The Index's top performer was Information Technology, up 52.68%, while the worst showing came from Energy which increased by 0.79%. The S&P MidCap 400 and S&P SmallCap 600 Indices increased by 1.16% and 0.83% on a total return basis, respectively, in September. In Q3'24, Utilities were the top performing sector with a total return of 19.37%. For comparison, Communication Services and Information Technology increased by 1.68% and 1.61%, respectively, over the same time frame. From our perspective, the potential for heightened volatility and surging estimates for electricity demand are likely key catalysts behind this rotation. The International Energy Agency estimates that the electricity used by data centers, which typically house artificial intelligence technologies, will total 1,000 terrawatt-hours in 2026. The total is roughly equivalent to the current electricity consumption of Japan.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) stood at 3.78% at the close of trading on 9/30/24, representing a decline of 12 bps from its 3.90% close on 8/30/24, according to data from Bloomberg. The 3.78% yield stood 135 bps above its 2.43% average for the 10-year period ended 9/30/24 and 121 bps below its most recent high of 4.99% set on 10/19/23. The yield on the 2-year T-note stood at 3.64% on 9/30/24, representing a decline of 28 bps from when it stood at 3.92% on 8/30/24. As many investors are likely aware, bond prices and yields typically move in opposite directions. Once again, each of the U.S. fixed income asset classes we track posted positive total returns last month (see "Bloomberg Fixed Income" section). As of 9/30/24, the federal funds futures market was pricing up to three more cuts totaling 70 bps by the end of the year. That said, investors would be well-served to keep close watch on inflation and economic data. On average, the federal funds target rate (upper bound) has been 87 bps higher than inflation over the 50-year period ended 8/31/24. If economic data sours, or inflation increases, we could see an extended glide path to significantly lower interest rates, in our opinion.

Takeaway

As we see it, despite the recent economic weakness discussed in the "Climate" section above, reasons for optimism persist. The Federal Reserve reported that U.S. household net worth totaled a record \$163.8 trillion at the end of Q2'24, up from \$161.0 trillion in the previous quarter. Furthermore, recently released data from the U.S. Census Bureau revealed that the median U.S. household income stood at \$80,610 in 2023, up 4.0% year-over-year. The figure represents the first statistically significant increase in real median household income since 2019. New technologies are leading to increased investment in infrastructure and capital expenditure. Global spending on artificial intelligence is expected to double to \$632 billion by 2028, according to the International Data Corporation, and total construction spending stood at a record \$199 billion in July. We look forward to reporting on developments in the months ahead.

Data as of 9/30/24

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	5762.48	9/30/2024	1829.08	2/11/2016	5762.48	0.00%	22.08%	1.28%
S&P 500 Growth	3919.29	7/10/2024	1009.73	10/16/2014	3864.02	-1.41%	28.14%	0.62%
S&P 500 Value	1948.40	9/30/2024	788.67	2/11/2016	1948.40	0.00%	15.36%	2.15%
S&P MidCap 400	3124.92	9/19/2024	1218.55	3/23/2020	3121.94	-0.10%	13.52%	1.49%
S&P MidCap 400 Growth	1515.34	7/16/2024	572.55	10/13/2014	1491.60	-1.57%	16.86%	1.02%
S&P MidCap 400 Value	992.45	9/19/2024	373.28	3/23/2020	991.76	-0.07%	9.98%	1.99%
S&P 100	2772.00	9/30/2024	819.58	8/25/2015	2772.00	0.00%	25.21%	1.20%
DJIA	42330.15	9/30/2024	15660.18	2/11/2016	42330.15	0.00%	13.93%	1.76%
Nasdaq 100	20675.38	7/10/2024	3765.28	10/16/2014	20060.69	-2.97%	19.97%	0.80%
Russell 2000	2442.74	11/8/2021	953.72	2/11/2016	2229.97	-8.71%	11.16%	1.42%
Russell 2000 Growth	1709.62	2/9/2021	573.10	2/11/2016	1447.45	-15.33%	13.21%	0.61%
Russell 2000 Value	2643.45	11/8/2021	1067.63	3/23/2020	2506.13	-5.19%	9.21%	2.24%
Russell 3000	3281.28	9/30/2024	1067.34	2/11/2016	3281.28	0.00%	20.63%	1.28%
MSCI World Net (ex U.S.) (USD)	9022.32	9/27/2024	4189.62	2/11/2016	8900.24	-1.35%	13.10%	3.02%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	623.84	-10.78%	16.86%	2.48%
Bovespa/Brazil (USD)	29488.46	1/2/2020	9077.09	1/21/2016	24196.27	-17.95%	-12.71%	6.54%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	N/A	N/A	N/A	N/A
S&P BSE 500/India (USD)	461.76	9/26/2024	129.66	3/23/2020	456.32	-1.18%	24.84%	1.04%
Shanghai Composite/China (USD)	832.07	6/12/2015	358.39	10/18/2018	475.37	-42.87%	16.69%	2.57%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	1.97	-32.74%	-3.33%	1.90%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	2720.12	-35.86%	29.90%	3.78%
MSCI Euro (USD)	1821.78	9/27/2024	865.50	3/18/2020	1798.53	-1.28%	13.27%	3.13%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	500.86	10/15/2014	1605.41	-4.06%	13.91%	0.70%
S&P 500 Consumer Staples	899.94	9/16/2024	454.85	10/16/2014	887.78	-1.35%	18.74%	2.62%
S&P 500 Energy	749.39	4/5/2024	179.94	3/18/2020	676.47	-9.73%	8.36%	3.35%
S&P 500 Utilities	410.28	9/30/2024	206.51	9/4/2015	410.28	0.00%	30.63%	2.78%
S&P 500 Financials	759.21	8/30/2024	264.89	2/11/2016	754.16	-0.67%	21.90%	1.51%
S&P 500 Banks	461.87	1/12/2022	180.19	2/11/2016	420.03	-9.06%	22.34%	2.75%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	842.25	-14.06%	14.23%	3.57%
S&P 500 Health Care	1829.71	8/30/2024	696.64	10/16/2014	1796.48	-1.82%	14.35%	1.55%
S&P 500 Pharmaceuticals	1216.04	8/30/2024	516.92	10/16/2014	1168.13	-3.94%	20.15%	2.22%
NYSE Arca Biotechnology	6319.77	2/8/2021	2642.53	2/11/2016	5922.67	-6.28%	9.50%	0.23%
S&P 500 Information Technology	4616.32	7/10/2024	612.98	10/16/2014	4403.72	-4.61%	30.31%	0.61%
Philadelphia Semiconductor	5904.54	7/10/2024	549.47	10/13/2014	5173.06	-12.39%	24.75%	0.85%
S&P 500 Communication Services	322.31	7/5/2024	130.86	12/24/2018	314.60	-2.39%	28.81%	0.82%
S&P 500 Industrials	1147.06	9/30/2024	412.06	3/23/2020	1147.06	0.00%	20.20%	1.42%
S&P 500 Materials	612.76	9/26/2024	234.97	1/25/2016	607.70	-0.83%	14.14%	1.75%
Philadelphia Gold & Silver	167.76	4/14/2022	38.84	1/19/2016	158.72	-5.39%	27.82%	1.37%
FTSE/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	284.94	-13.55%	8.00%	N/A
ICE BofA Perpetual Preferred	331.77	9/20/2024	203.83	10/1/2014	329.80	-0.59%	10.88%	6.08%
ICE BofA U.S. High Yield Constrained	568.03	9/30/2024	313.74	2/11/2016	568.03	0.00%	8.05%	7.21%

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