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Morning Brew --- October 4, 2024

The S&P 500 futures are up 15 points and are trading 0.3% above fair value, the NASDAQ 100 futures are up 73 points and are trading 0.3% above fair value, and the Dow Jones Industrial Average futures are up 60 points and are trading 0.2% above fair value.

Stock futures are higher in front of the market-moving September Employment Situation report at 8:30 ET. Mega cap stocks are higher ahead of the open, supporting the early upside moves.

The positive bias also relates to news that the International Longshoremen’s Association and the United States Maritime Alliance have reached a tentative agreement on wages and have agreed to extend the Master Contract until January 15, 2025 to return to the bargaining table to negotiate all other outstanding issues.

Treasury yields are slightly higher in front of the jobs report, which could impact the Fed's thinking about rate cuts in the near term. The 10-yr yield is up two basis points to 3.87% and the 2-yr yield is up two basis points to 3.73%.

U.S. Equity Futures:

- S&P 500 Futures: +16 @ 5,765
- DJIA Futures: +55 @ 42,372
- NASDAQ Futures: +82 @ 20.072

Overseas:

- Europe: DAX +0.4%, FTSE -0.4%, CAC +0.5%
- Asia: Nikkei +0.2%, Hang Seng +2.8%, Shanghai Composite HOLIDAY

Also In Today’s Report: Seasonality

Indices	Close	1 Day	3 Mo	YTD	12 Mo
S&P 500	5699.94	-0.17%	2.94%	19.50%	34.77%
Dow Jones	42011.59	-0.44%	6.88%	11.47%	27.30%
NASDAQ Composite	17918.47	-0.04%	-1.48%	19.37%	37.21%
Russell 2000	2177.29	-0.81%	6.91%	7.41%	26.06%
NYSE Alerian MLP	288.91	0.71%	-1.39%	13.61%	20.45%
Barclays Inter. G/C Bond	106.66	-0.23%	2.84%	1.81%	6.28%
MSCI The World	3685.92	-0.21%	3.47%	16.31%	31.66%
MSCI EAFE	2433.62	-0.86%	3.59%	8.83%	23.22%
MSCI Emerging Markets	1187.97	1.31%	8.75%	16.04%	26.49%
Euro Stoxx	4921.33	-0.85%	-0.90%	8.84%	20.16%
China CSI 300	4017.85	8.48%	16.01%	17.10%	8.90%

S&P Sectors	Close	1 Day	3 Mo	YTD	12 Mo
Consumer Discretionary	1564.63	-1.28%	1.92%	10.33%	26.72%
Consumer Staples	871.08	-0.84%	6.43%	14.27%	21.38%
Energy	710.40	1.58%	1.48%	10.99%	4.35%
Financials	747.37	-0.45%	7.91%	19.32%	38.82%
Health Care	1767.64	-0.90%	5.73%	11.15%	18.96%
Industrials	1139.08	-0.49%	10.55%	18.07%	35.05%
Information Technology	4337.84	0.60%	-3.31%	27.69%	50.07%
Materials	596.81	-1.15%	7.88%	10.60%	22.64%
Real Estate	274.87	-0.98%	14.70%	9.26%	33.37%
Communication Svcs.	315.21	0.23%	0.48%	28.13%	41.78%
Utilities	413.70	-0.02%	19.01%	28.51%	43.44%

Commodities	Close	1 Day	3 Mo	YTD	12 Mo
Commodity Index	102.31	0.24%	0.13%	3.71%	-1.12%
Crude Oil (\$/bbl)	74.04	0.39%	-11.73%	3.34%	-17.02%
Natural Gas (\$/btu)	2.97	-0.35%	22.79%	18.10%	0.71%
Gold (\$/ozt)	2657.44	-0.17%	12.78%	28.82%	45.77%

Currencies	Close	1 Day	3 Mo	YTD	12 Mo
US Dollar per Euro	1.10	-0.21%	2.24%	-0.10%	5.36%
USD / China Renminbi	0.14	-0.11%	3.59%	-1.15%	3.90%

Sovereign Bond Yields	5 Yr Avg	30 Yr Avg
U.S. 10-Year Treasury	3.85	3.76
U.S. 10Yr - 2Yr Spread	0.21	10Yr - 3Mo Spread
		-0.74

S&P 500 Metrics	5 Yr Avg	15 Yr Avg
Dividend Yield	1.34	1.95
P/E Ratio - Next 12 Mo.	24.02	17.95
P/E Ratio - Last 12 Mo.	26.03	19.45

Returns are Price Only, in US Dollar terms

Sources: Briefing.com, Bloomberg, Gibbs Capital Management

Markets lost ground yesterday, but trading action remains fairly quiet with prices hovering above prior resistance. The Dow lost 0.44%, the S&P 500 slipped 0.17%, and the NASDAQ was just shy of breakeven, losing 0.04%. Energy (1.58%), Tech (+0.60%), and Communication Services (+0.24%) managed to post gains, while Consumer Discretionary (-1.28%), and Materials (-1.15%) fell the most. Net decliners on the S&P 500 were fairly heavy at -273, and decliners led by almost 2 to 1 on the NYSE with 64% down volume. Futures are higher by 30-40bps this morning ahead of payroll numbers that could help clarify the path for interest rates. According to Bloomberg, while investors keep a watchful eye on geopolitical events, they are also assessing the latest signals on the health of the US economy. Friday's jobs report is expected to show an increase in payrolls for September, while the unemployment rate is forecast to hold steady at 4.2%. Oil is headed for its strongest weekly increase in two years on fears that Israel may decide to strike Iranian petroleum facilities in retaliation for a missile assault on its territory. The US and its allies warned of "uncontrollable escalation" in the Middle East after Israel carried out huge bombing raids overnight near Beirut airport aimed at Hezbollah commanders and facilities. Prices on the S&P 500 continue to hover just above former resistance, which is a good sign. Investors who need additional equity exposure can add during the consolidation. Watch 5927 for the next potential area of resistance. If prices pull back, watch for support at 5560-5545.



Today's U.S. Economic Data (Briefing.com)

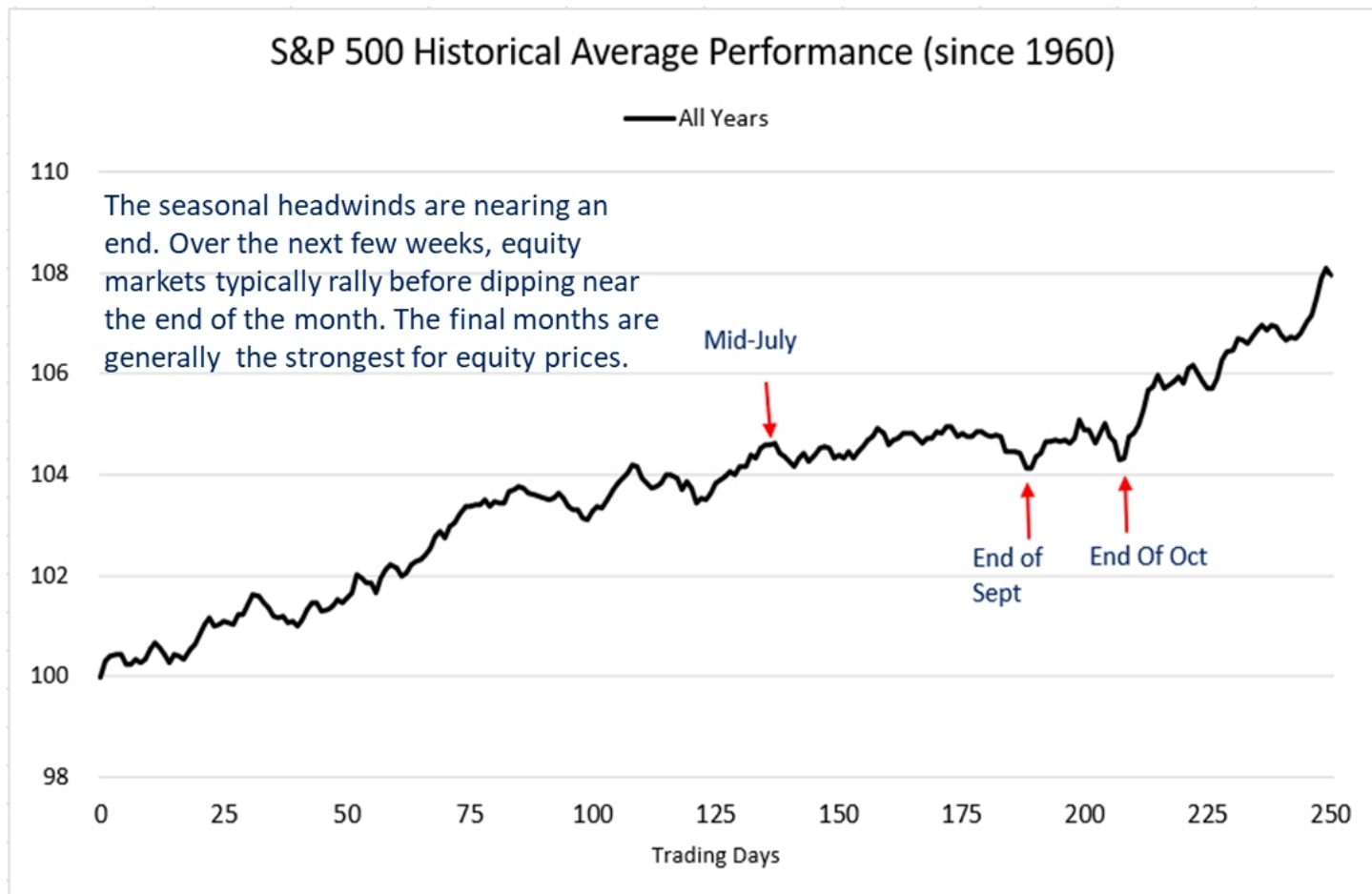
- 08:30 ET: Nonfarm Payrolls for Sep (Briefing.com Consensus 135K; Prior 142K)
- 08:30 ET: Nonfarm Private Payrolls for Sep (Briefing.com Consensus 125K; Prior 118K)
- 08:30 ET: Avg. Hourly Earnings for Sep (Briefing.com Consensus 0.3%; Prior 0.4%)
- 08:30 ET: Unemployment Rate for Sep (Briefing.com Consensus 4.2%; Prior 4.2%)
- 08:30 ET: Average Workweek for Sep (Briefing.com Consensus 34.3; Prior 34.3)

Overseas Overnight Summary (Briefing.com)

- Equity indices in the Asia-Pacific region ended the week on a mixed note while markets in China remained closed for holidays. Japan's Nikkei: +0.2% (-3.0% for the week), Hong Kong's Hang Seng: +2.8% (+10.2% for the week), China's Shanghai Composite: HOLIDAY (+8.1% for the week), India's Sensex: -1.0% (-4.5% for the week), South Korea's Kospi: +0.3% (-3.0% for the week), Australia's ASX All Ordinaries: -0.7% (-0.7% for the week).
 - In economic data:
 - India's September Services PMI 57.7 (expected 58.9; last 60.9)
 - Singapore's August Retail Sales 0.7% m/m (last 3.1%); 0.6% yr/yr (last 1.0%)
 - Hong Kong's September Manufacturing PMI 50.0 (last 49.4)
 - Australia's August Home Loans 0.7% m/m (last 2.5%) and August Invest Housing Finance 1.4% m/m (last 5.1%)

- In news:
 - Former Bank of Japan policymaker Masaka said that the central bank will continue looking for the right time for the next rate hike.
 - Germany voted against new tariffs on electric vehicle imports from China to the EU.
- Major European indices are looking to end a down week on a mostly higher note. STOXX Europe 600: +0.1% (-2.2% week-to-date), Germany's DAX: +0.4% (-2.1% week-to-date), U.K.'s FTSE 100: -0.4% (-0.9% week-to-date), France's CAC 40: +0.5% (-3.6% week-to-date), Italy's FTSE MIB: +0.8% (-3.8% week-to-date), Spain's IBEX 35: +0.2% (-2.7% week-to-date).
 - In economic data:
 - U.K.'s Q2 Housing Equity Withdrawal -GBP14.7 bln (expected -GBP20.3 bln; last -GBP23.0 bln)
 - France's August Industrial Production 1.4% m/m (expected 0.3%; last 0.2%)
 - Swiss September Unemployment Rate 2.6%, as expected (last 2.5%)
 - In news:
 - Germany voted against new tariffs on electric vehicle imports from China to the EU while France, Italy, Greece, and Portugal voted in favor. A final decision will be made in early November.
 - Italy's Finance Minister Giorgetti said that the government is planning a windfall levy on corporations to reduce the budget deficit and that a 1.0% growth target for this year is realistic.

Seasonality



Sources: Briefing.com, FactSet, Bloomberg Charting Platform, Gibbs Capital Management

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Index Definitions

The **S&P 500** is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market.

The **Dow Jones Industrial Average (DJIA)** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ.

The **NASDAQ Composite** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market.

The **MSCI World All Cap Index** captures large, mid, small and micro-cap representation across 23 Developed Markets (DM) countries. With 11,732 constituents, the index is comprehensive, covering approximately 99% of the free float-adjusted market capitalization in each country.

The **MSCI EAFE (Europe, Australasia, and Far East)** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in 23 emerging market countries. The index's three largest industries are materials, energy, and banks.

The **Russell 2000** index is an index measuring the performance of approximately 2,000 smallest-cap American companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. stocks.

The **NYSE Alerian MLP** is the leading gauge of energy infrastructure Master Limited Partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

The **Barclays Intermediate Government/Credit Bond** index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

The **Euro Stoxx 50 Index** is a market capitalization weighted stock index of 50 large, blue-chip European companies operating within Eurozone nations. Components are selected from the Euro STOXX Index which includes large-, mid- and small-cap stocks in the Eurozone.

The **China CSI 300** is a capitalization-weighted stock market index designed to replicate the performance of top 300 stocks traded in the Shanghai and Shenzhen stock exchanges. It had a sub-indexes CSI 100 Index and CSI 200 Index.

The **S&P 500 Futures** is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **DJIA Futures** is a stock market index futures contract traded on the Chicago Mercantile Exchange`s Globex electronic trading platform. Dow Futures is based off the Dow 30 stock index.

The **Nasdaq 100 Futures** is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international companies listed on the NASDAQ.

Europe: DAX (Deutscher Aktienindex (German stock index)) is a blue chip stock market index consisting of the 40 major German companies trading on the Frankfurt Stock Exchange.

Asia: Nikkei is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results. Future investment performance cannot be guaranteed, investment yields will fluctuate with market conditions.