

Michael Gibbs, Managing Director, Lead Portfolio Manager | (901) 579-4346 | michael.gibbs@raymondjames.com  
 Joey Madere, CFA | (901) 529-5331 | joey.madere@raymondjames.com  
 Richard Sewell, CFA | (901) 524-4194 | richard.sewell@raymondjames.com  
 Mitch Clayton, CMT, Senior Technical Analyst | (901) 579-4812 | mitch.clayton@raymondjames.com

OCTOBER 16, 2024 | 8:40 AM EDT

**Morning Brew --- October 16, 2024**

The S&P 500 futures are up four points and are trading 0.1% above fair value, the NASDAQ 100 futures are up 30 points and are trading 0.1% below fair value, and the Dow Jones Industrial Average futures are up 30 points and are trading 0.1% above fair value.

Contracts tied to the S&P 500, NASDAQ 100, and Dow industrials are flattish as investors digesting more earnings results. Stocks in the semiconductor space continue to struggle after yesterday's sharp selling. One semiconductor name is down another 4% ahead of the open after its disappointing Q3 earnings report and ugly-looking net bookings number. Another name is losing ground in front of the open after news that China wants to review the company's products sold in China, according to Reuters.

The weekly MBA Mortgage Applications Index dropped 17% with purchase applications declining 7% and refinance applications plunging 26%.

**U.S. Equity Futures:**

- S&P 500 Futures: +3 @ 5,866
- DJIA Futures: UNCH @ 43,015
- NASDAQ Futures: +28 @ 20,370

**Overseas:**

- Europe: DAX -0.4%, FTSE +0.7%, CAC -0.6%
- Asia: Nikkei -1.9%, Hang Seng -0.2%, Shanghai Composite +0.1%

**Also In Today's Report:** Real Estate

| Indices                  | Close    | 1 Day  | 3 Mo   | YTD    | 12 Mo  |
|--------------------------|----------|--------|--------|--------|--------|
| S&P 500                  | 5815.27  | -0.76% | 3.27%  | 21.92% | 34.37% |
| Dow Jones                | 42740.29 | -0.75% | 6.29%  | 13.40% | 26.94% |
| NASDAQ Composite         | 18315.59 | -1.01% | -0.85% | 22.01% | 36.61% |
| Russell 2000             | 2253.85  | 0.23%  | 3.06%  | 11.19% | 31.06% |
| NYSE Alerian MLP         | 286.61   | -1.11% | -2.69% | 12.70% | 15.04% |
| Barclays Inter. G/C Bond | 105.98   | 0.23%  | 1.37%  | 1.16%  | 4.81%  |
| MSCI The World           | 3753.49  | 0.58%  | 3.41%  | 18.44% | 31.14% |
| MSCI EAFE                | 2421.43  | 0.11%  | 0.77%  | 8.29%  | 20.31% |
| MSCI Emerging Markets    | 1160.06  | 0.04%  | 3.55%  | 13.32% | 21.94% |
| Euro Stoxx               | 4946.73  | -1.87% | -0.73% | 9.41%  | 19.60% |
| China CSI 300            | 3856.00  | -2.66% | 10.92% | 12.38% | 5.26%  |

| S&P Sectors            | Close   | 1 Day  | 3 Mo   | YTD    | 12 Mo  |
|------------------------|---------|--------|--------|--------|--------|
| Consumer Discretionary | 1583.51 | 0.20%  | 2.21%  | 11.67% | 26.46% |
| Consumer Staples       | 885.24  | 0.64%  | 7.44%  | 16.12% | 25.43% |
| Energy                 | 691.72  | -3.04% | -1.64% | 8.07%  | 0.77%  |
| Financials             | 779.86  | 0.26%  | 9.17%  | 24.51% | 41.28% |
| Health Care            | 1781.62 | -1.24% | 3.51%  | 12.03% | 17.46% |
| Industrials            | 1168.18 | -0.74% | 10.41% | 21.09% | 35.68% |
| Information Technology | 4470.22 | -1.79% | -1.75% | 31.59% | 49.22% |
| Materials              | 608.32  | -0.03% | 6.97%  | 12.73% | 24.47% |
| Real Estate            | 277.60  | 1.23%  | 10.19% | 10.34% | 28.94% |
| Communication Svcs.    | 316.13  | -0.03% | 1.39%  | 28.51% | 38.35% |
| Utilities              | 409.40  | 0.45%  | 15.91% | 27.17% | 36.01% |

| Commodities          | Close   | 1 Day  | 3 Mo    | YTD    | 12 Mo   |
|----------------------|---------|--------|---------|--------|---------|
| Commodity Index      | 98.41   | -1.33% | -1.20%  | -0.24% | -6.01%  |
| Crude Oil (\$/bbl)   | 70.96   | -2.29% | -13.37% | -0.96% | -18.12% |
| Natural Gas (\$/btu) | 2.49    | -5.24% | 15.20%  | -1.07% | -20.01% |
| Gold (\$/ozt)        | 2661.67 | -0.30% | 9.88%   | 29.02% | 38.61%  |

| Currencies           | Close | 1 Day  | 3 Mo   | YTD    | 12 Mo |
|----------------------|-------|--------|--------|--------|-------|
| US Dollar per Euro   | 1.09  | -0.26% | -0.06% | -1.38% | 3.55% |
| USD / China Renminbi | 0.14  | -0.32% | 1.95%  | 0.27%  | 2.69% |

| Sovereign Bond Yields  | 5 Yr Avg | 30 Yr Avg         |
|------------------------|----------|-------------------|
| U.S. 10-Year Treasury  | 4.03     | 3.76              |
| U.S. 10Yr - 2Yr Spread | 0.08     | 10Yr - 3Mo Spread |
|                        |          | -0.59             |

| S&P 500 Metrics         | 5 Yr Avg | 15 Yr Avg |
|-------------------------|----------|-----------|
| Dividend Yield          | 1.32     | 1.62      |
| P/E Ratio - Next 12 Mo. | 24.61    | 21.49     |
| P/E Ratio - Last 12 Mo. | 26.60    | 23.19     |
|                         |          | 15 Yr Avg |
|                         |          | 19.44     |

Returns are Price Only, in US Dollar terms

Sources: Briefing.com, Bloomberg, Gibbs Capital Management

Prices retreated yesterday with a 1% loss in the NASDAQ, and 0.75% losses in the Dow and S&P 500. Despite headline indices pulling back, 5 of 11 sectors closed higher led by Real Estate (+1.23%), and Consumer Staples (+0.64%), while Energy (-3.04%) was the biggest laggard. Internals were not bad considering the headline numbers on Tuesday. There were only 10 net decliners on the S&P 500, and advancers were essentially breakeven with decliners on the NYSE. According to Bloomberg, U.S. equity futures edged higher Wednesday as chip stocks recovered partially from the previous session's weakness. Another financial name is pushing the group higher after posting sales and trading revenue that exceeded analysts' predictions. In commodities, oil held near \$74 a barrel after slumping on Tuesday, as traders continued to monitor the risk of escalation in the Middle East and the outlook for next year. Gold rallied toward a fresh record high as investors turned their attention to the upcoming U.S. election, with polls forecasting a razor-thin contest with less than three weeks to go. Yesterday's price action formed a bearish engulfing line, which could see prices continue to fall in coming days. We will continue to watch for potential resistance at 5927, and for initial support at 5670 and 5560.



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

- 07:00 ET: MBA Mortgage Applications Index for Oct. 12 (Briefing.com Consensus NA; Prior -5.1%)
- 08:30 ET: Import Prices for Sep (Briefing.com Consensus NA; Prior 0.8%)
- 08:30 ET: Import Prices ex-oil for Sep (Briefing.com Consensus NA; Prior -0.1%)
- 08:30 ET: Export Prices for Sep (Briefing.com Consensus NA; Prior -0.7%)
- 08:30 ET: Export Prices ex-ag for Sep (Briefing.com Consensus NA; Prior -0.6%)
- 10:30 ET: EIA Crude Oil Inventories for Oct 12 (Briefing.com Consensus NA; Prior +5.81M)

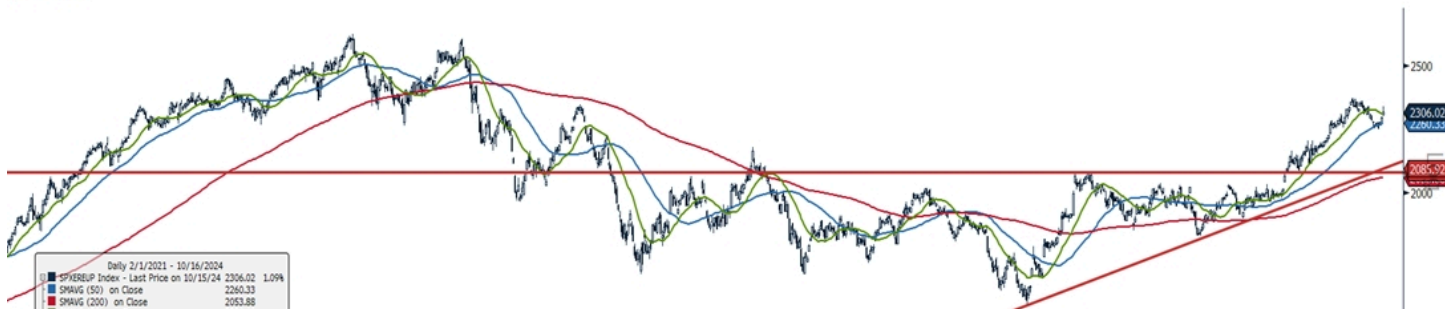
**Overseas Overnight Summary (Briefing.com)**

- Equity indices in the Asia-Pacific region were mostly lower. Japan's Nikkei: -1.9%, Hong Kong's Hang Seng: -0.2%, China's Shanghai Composite: +0.1%, India's Sensex: -0.4%, South Korea's KOSPI: -0.9%, Australia's All Ordinaries: -0.5%.
  - In economic data:
    - Japan's August Core Machinery Orders -1.9% m/m (expected -0.1%; last -0.1%) and -3.4% yr/yr (expected 3.6%; last 8.7%)
    - South Korea's September Unemployment Rate 2.5% (last 2.4%)

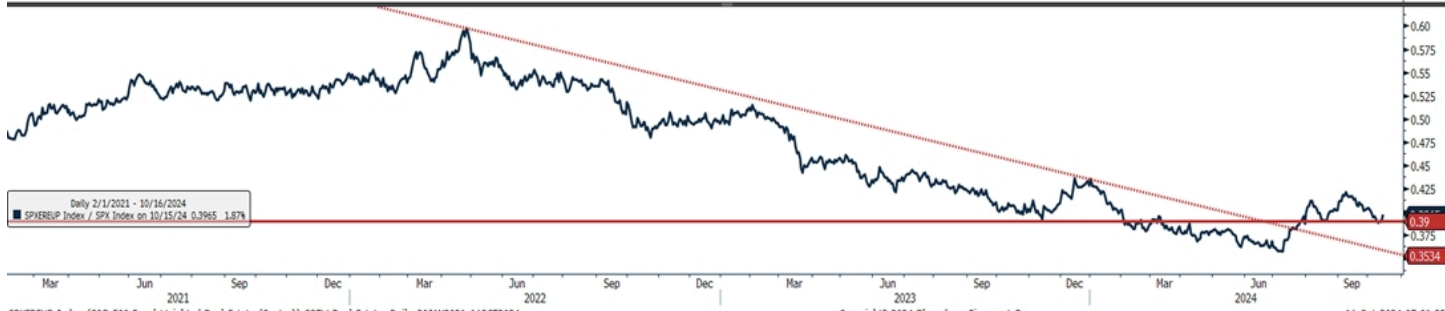
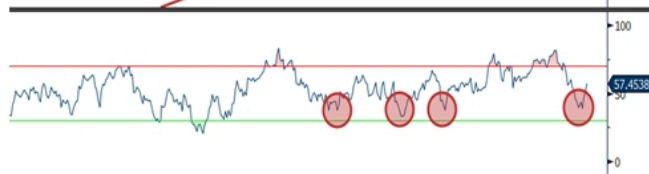
- New Zealand's Q3 CPI 0.6% qtr/qtr (expected 0.7%) and 2.2% yr/yr (expected 2.2%)
- In news:
  - Japan's Nikkei is leading the losses, as its semiconductor components took a hit on the heels of ASML's disappointing Q3 earnings report and ugly-looking net bookings number.
  - The view from BOJ member Adachi that the BOJ should "proceed cautiously" with policy adjustments, according to Bloomberg, failed to turn the tide of sentiment.
  - In other central bank news, the Bank of Thailand surprised with a 25 basis points cut in its one-day repurchase rate to 2.25%. That is the first cut since May 2020.
  - The Bank of Indonesia kept its main policy rate steady at 6.0%, as expected, and the Philippines central bank cut its policy rate by 25 basis points, as expected, to 6.0%.
  - Following a CPI report that showed inflation within the RBNZ's target band of 1-3% for the first time since 2021, chatter picked up that the RBNZ could institute a large rate cut at its November meeting.
  - Markets in China were fairly steady, digesting the news that the housing ministry, along with the Ministry of Finance and PBOC, will hold a press briefing on Thursday to talk about property sector reforms.
  - Separately, China said it wants a review of Intel (INTC) products sold in China, according to Reuters.
- Major European indices are mostly lower, trading with modest losses. STOXX Europe 600: -0.3%, Germany's DAX: -0.4%, UK's FTSE 100: +0.7%, France's CAC 40: -0.6%, Italy's FTSE MIB: -0.2%, Spain's IBEX 35: +0.1%.
  - In economic data:
    - UK's September CPI 0.0% m/m (expected 0.1%; last 0.3%) and 1.7% yr/yr (expected 1.9%; last 2.2%); September RPI -0.3% m/m (expected 0.1%; last 0.6%) and 2.7% yr/yr (expected 3.1%; last 3.5%); August House Price Index 2.8% yr/yr (expected 2.5%; last 2.2%)
    - Italy's September CPI -0.2% m/m (expected -0.2%; last 0.2%) and 0.7% yr/yr (expected 0.7%; last 1.1%)
  - In news:
    - The UK's FTSE 100 is a notable exception, outperforming on rate-cut speculation that revved up when the September CPI report showed inflation running below the 2% target for the first time since April 2021.
    - Gilt yields are lower following the report and the pound is losing ground against other major currencies.
    - In other UK news, Chancellor Reeves is pushing the need for tax increases and spending cuts to plug a GBP40 billion budget gap.
    - Elsewhere, disappointing Q3 shipments data from Stellantis, and disappointing Q3 results from luxury retailer LVMH and semiconductor equipment maker ASML have kept buying interest in check.

# Real Estate

Real Estate



The Real Estate sector continues to develop nicely. Prices have broken out of a wide base, RSI has remained above oversold territory so far this year, and relative strength is holding support against the S&P 500.



SPXREUP Index (S&P 500 Equal Weighted Real Estate (Sector)) COTM Real Estate Daily 30JAN2021-16OCT2024 Copyright© 2024 Bloomberg Finance L.P. 16-Oct-2024 07:01:22

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

## IMPORTANT INVESTOR DISCLOSURES

Gibbs Capital Management, a division of Eagle Asset Management (Eagle) a wholly-owned subsidiary of Raymond James Investment management.

All expressions of opinion in the foregoing reflect the judgment of Gibbs Capital Management and are subject to change without notice. Information in this report has been obtained from sources considered reliable, but we do not guarantee its accuracy, completeness, or timeliness. Content provided herein is for informational purposes only and should not be used or construed as investment advice or a recommendation regarding the purchase or sale of any security outside of a managed account. This should not be considered forward looking and does not guarantee the future performance of any investment.

It is important to review the investment objectives, risk tolerance, tax objectives and liquidity needs before choosing an investment style or manager. All investments carry a certain degree of risk, including loss. There is no assurance that any strategy will be successful, and no one particular investment style or manager is suitable for all types of investors. Indices are not available for direct investment. Any investor who attempts to mimic the performance of an index would incur fees and expenses which would reduce returns. Asset allocation and diversification does not ensure a profit or protect against a loss.

Sector investments are companies engaged in business related to a specific sector. They are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

Commodities and currencies investing are generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

Links to third-party websites are being provided for informational purposes only. Gibbs Capital Management is not affiliated with and does not endorse, authorize, or sponsor any of the listed websites or their respective sponsors. Gibbs Capital Management is not responsible for the content of any third-party website or the collection or use of information regarding any websites users and/or members.

### 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.