QUANTITATIVE ASSET MANAGEMENT, LLC
Investment & Advisory Services

Oct 15, 2024

Quarter Ending September 30, 2024

Quarterly Performance	Q3 Index	YTD	Close
Dow Jones Industrial Average	8.7%	13.9%	$42,330.15
NASDAQ Composite Price	2.8%	21.8%	$18,189.17
Standard & Poor's Averages	5.9%	22.1%	$5,658.40

The third quarter of 2024 ended on a positive note with solid returns across most major asset classes. The S&P 500 finished the quarter up 5.9%. This is the fourth consecutive quarterly gain and the best first three quarters since the late 1990s.

Although the S&P 500 finished Q3 in positive territory, the quarter started out in negative fashion. In mid-July, the stock and bond markets experienced some significant volatility. The S&P 500 traded down nearly 8% through the first week of August. Investors were spooked as unemployment rose from 4.1% to 4.3%. In conjunction with inflated market multiples, investors were concerned the U.S. economy might be heading toward a recession. However, the volatility was short-lived, and the S&P 500 rebounded to end August with modest gains.

During Q3 the S&P 500 witnessed a change in stock market leadership. Many of our previous letters have focused on the "Magnificent 7." More specifically, how a select few mega-cap technology names have accounted for a majority of the S&P 500's performance. During the quarter, the equal-weighted S&P 500 outperformed the S&P 500. To put this into perspective, nearly 70% of the stocks outperformed the index, compared to the second quarter, when the percentage of stocks outperforming the S&P 500 reached the lowest level on record. We view this change in leadership as positive. Investors are starting to focus on valuations and fundamentals vs chasing overvalued mega-cap tech names.

One of the biggest headlines to come out of Q3 was the Federal Reserve's 50 basis point rate cut. This is an aggressive action by the Fed, which usually uses sizable cuts during economic slowdowns or rising recession risks. Most notably, the last two 50 basis point cuts were in January 2001 (following the dot-com bubble burst) and October 2007 (early stages of the global financial crisis). This recent cut marks the start of the first easing cycle since the onset of the pandemic in March 2020. Fed Chairman Powell described the rate cut as "policy recalibration" aiming to pre-empt any weakening of the U.S. economy and labor market. Historically, in the short term, markets have responded well to rate cuts. However, we feel the Fed is signaling some worry about supporting economic growth rather than stamping out inflation.

Moving forward, investors should remain cautious. The upcoming election, recession talks, corporate earnings, and geopolitical tensions could impact market performance in the coming months.

On a final note, we wanted to remind clients that we are waiting to move into our new office space. This process has taken a little longer than expected and we will let you know when we have officially moved. In the interim, our emails, phone numbers and mailing address will stay the same. If you have any questions, please reach out!

Regards,

Jeffrey L. Farni, Sr.

John C. Farni