SCHLINDWEIN ASSOCIATES
INVESTMENT COUNSEL

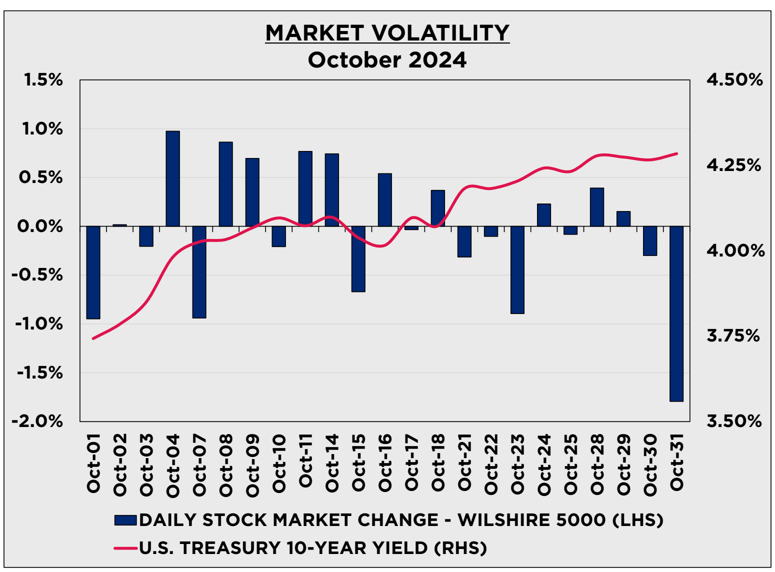
Market update

November 1, 2024

A cross-current of forces converged with a negative impact on most markets in October. Important among these forces was uncertainty over the near-term direction of Fed policy. For U.S. stocks, cumulative month-to-date gains were whipped out on Halloween. Monthly losses in foreign stocks were more pronounced. Bond yields rose sharply during October as the benchmark U.S. Treasury yield increased by about 50 basis points.

	October	Year to Date
• U.S. Taxable Bonds	-2.5%	+1.9%
• U.S. Stocks	-0.7%	+19.7%
• Foreign Stocks	-4.9%	+9.1%

Perhaps looming largest among investor concerns is the outlook for U.S. elections just days ahead. Given the closeness in most election polls, however, investors do not appear to be making large bets on the outcomes. Focus remains on the fundamentals of economic growth, employment gains, corporate earnings, inflation, Fed policy, and interest rate trends. Reasonable scenarios, both favorable and unfavorable, can be constructed from projections for these fundamentals. A reasonable response is appropriate diversification within portfolios.



The chart here shows day-by-day changes in stocks and bonds during October. The overall picture is one of higher market volatility as the month progressed. For stocks, daily gains in the first half of the month were able to compensate for daily losses. The picture clearly reversed in the second half of the month as daily losses well outnumbered daily gains, ending with the Halloween loss that eliminated the cumulative month-to-date gain. In comparison, bond market volatility seemed much more subdued. Nevertheless, investors were subjected to a slow but steady increase in yields that resulted in a cumulative -2.8% loss in overall bond market prices. While higher market volatility over the balance of 2024 is a reasonable assumption, the trends that may result are much less certain. Monitoring the direction of key market forces remains a high priority.