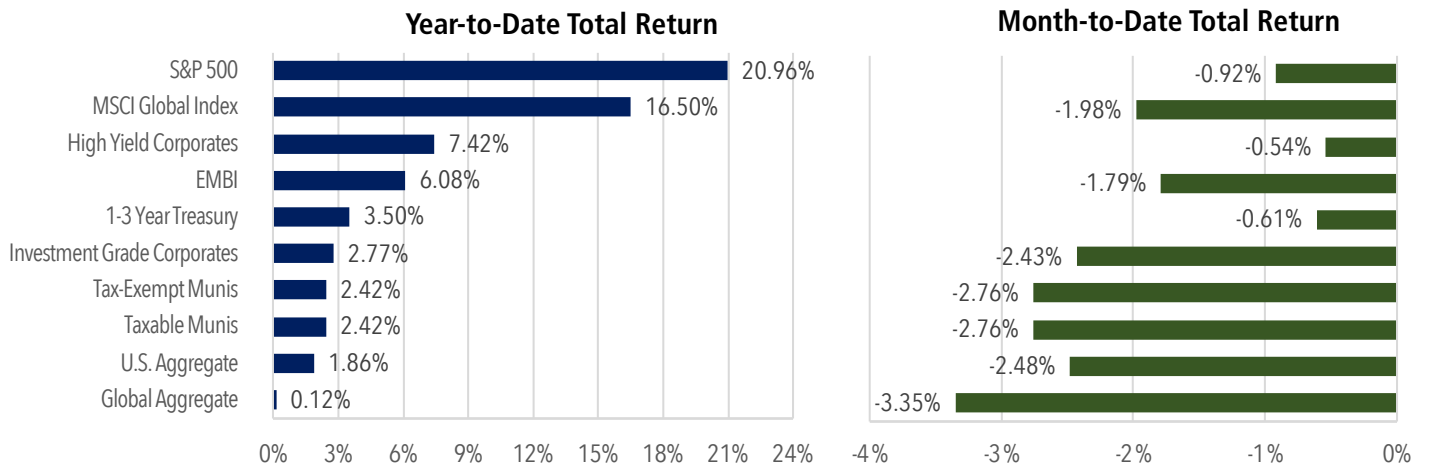
Week Ending: **November 1, 2024**

# Not Yet

## Economic Overview:

According to the Bureau of Economic Analysis, the U.S. economy expanded at an annualized rate of 2.8% in the third quarter, with robust consumer spending contributing 90% of the growth. Moreover, goods spending accounted for half of the increase in consumer spending—the largest contribution since Q1 2023—while services spending grew at a healthy clip. What's behind continued consumer strength? In two words, income growth. The September Personal Income and Outlays Report released this week showed that real (inflation-adjusted) personal income grew 2.9% year-over-year, well above the long-term average rate before Covid-19 and of the current cycle. A key reason for real income growth was that inflation also subsided, with the core personal consumption expenditures price index slowing to a 2.2% annualized pace over the third quarter from 2.7% in the previous quarter. As a result, it is not yet the time to be worried about the U.S. consumer, as stellar income growth should carry consumers into the fourth quarter and beyond.

## Total Returns by Asset Class




Source: Bloomberg

## Highlights of the Week:

**High Yield:** In 2024, the high yield market has seen more than two upgrades to investment grade for every downgrade to high yield. The ratio of so-called rising stars to fallen angels, which is 2.4x this year, is the second highest the market has seen in the last ten years.

**Municipals:** Despite recent rate volatility, inflows to municipal funds continue to be positive. For the most recent week, LSEG Lipper reported inflows of $659 million into muni funds, $625 million of which came from ETFs, with the remainder coming from open-end funds.

**Equities:** The U.S. equity market ended lower for the second consecutive week on mixed corporate earnings results. Most sectors posted losses, with technology, real estate, and materials leading markets lower, while communications, consumer discretionary, and financials were the only sectors posting gains.