

Independence Asset Advisors

MONTHLY MARKET REVIEW – October 2024

	Oct 2024	YTD	1-Year	3-Years	5-Years	10-Years
U.S. Large Cap Equities S&P 500	-0.91%	20.97%	38.02%	9.08%	15.27%	13.00%
U.S. Small Cap Equities Russell 2000	-1.44%	9.56%	34.07%	-0.05%	8.50%	7.94%
Energy Infrastructure Equities Alerian U.S. Midstream	5.78%	37.96%	44.33%	26.54%	19.35%	6.77%
U.S. Real Estate Equities Dow Jones U.S. Select REIT	-3.14%	11.32%	35.66%	0.59%	3.53%	5.60%
Global Equities MSCI All Country World Index	-2.24%	16.00%	32.79%	5.51%	11.08%	9.06%
International Developed Equities MSCI EAFE	-5.44%	6.85%	22.97%	2.70%	6.24%	5.27%
Emerging Market Equities MSCI Emerging Markets	-4.45%	11.66%	25.32%	-1.43%	3.93%	3.43%
U.S. Taxable Fixed Income Bloomberg U.S. Aggregate	-2.48%	1.86%	10.55%	-2.20%	-0.23%	1.49%
U.S. Tax-Exempt Fixed Income Bloomberg Municipal Aggregate	-1.46%	0.81%	9.70%	-0.30%	1.05%	2.30%
High Yield Fixed Income Bloomberg U.S. Corporate High Yield	-0.54%	7.42%	16.47%	2.97%	4.55%	4.86%
Floating Rate Loans Morningstar LSTA U.S. Leveraged Loan	0.86%	7.45%	10.56%	6.68%	6.02%	4.92%

MARKET UPDATE

- October was a volatile month for markets with uncertainty heightened by the U.S. presidential election and the potential implications of a policy shift on inflation and interest rates.
- U.S. large cap stocks declined 0.9%, with “growth” outperforming “value” by 0.6% (S&P 500).
 - The S&P 500 Index set a new record high of 5,864 before ending the month at 5,705.
 - Large cap “value” continued to trade at a 41% discount to “growth” based on Current P/E.
 - Energy Infrastructure led equities after returning 5.8% following a 3.4% rise in crude oil prices.
- Non-U.S. equity results were negative amid slowing economic momentum and geopolitical tensions.
 - Emerging markets declined 4.5%, with growth muted by a strong U.S. dollar, profit taking in India and doubts about the efficacy of stimulus measures being implemented in China.
- Fixed income categories were broadly negative as yields moved sharply higher.
- Investment grade and high yield bond yields increased in October by 0.5% and 0.3%; loans yielded 9.2%.
- The yield curve narrowed between 2-year and 10-year Treasuries by +0.1% (historical spread is 0.86%).

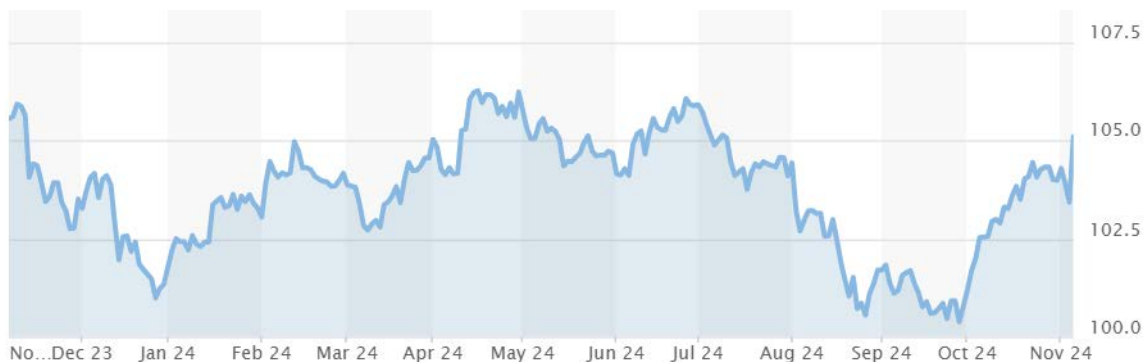
Sources: eVestment, JP Morgan, xe.com, Trading Economics, MacroTrends, StatisticsCanada, Bloomberg, Financial Post, bea.gov, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Reuters

IAA's WATCH LIST:

Category	Comments
Growth	<ul style="list-style-type: none"> Economic growth in the U.S. remained solid. The U.S. economy is estimated to have grown by a seasonally adjusted annual rate of 2.8% in the third quarter, supported by a 3.7% consumer spending increase.
Profits	<ul style="list-style-type: none"> The 3Q24 earnings season is underway: <ul style="list-style-type: none"> Projected Earnings Per Share (EPS) of \$61.14; 3.8% y/y and 1.0% q/q. Growth sector earnings are projected to rise, cyclical value to fall.
Jobs	<ul style="list-style-type: none"> The October jobs report showed the U.S. economy added 12,000 jobs. 112,000 jobs were removed from the August and September reports. The October result was skewed by weather (hurricanes) and corporate strikes.
Inflation	<ul style="list-style-type: none"> Sept. Personal Consumption Expenditures Index (PCE) - Fed's Preferred Gauge: <ul style="list-style-type: none"> Headline: Eased to 2.1% y/y increase (from 2.3% in August). Core: Held steady at 2.7% y/y increase.
Interest Rates	<ul style="list-style-type: none"> No change to the 4.75%-5.00% target range set in September: <ul style="list-style-type: none"> The FOMC year-end estimated policy rate is 4.40% (no change m/m). The market expectation increased by 0.37% m/m to 4.45%. Futures market is pricing in a 3.73% Fed Funds rate by December 2025.

CANADA:

- The U.S. dollar index (DXY) **increased** 3.2% in October and **increased** 2.6% year-to-date (see chart below), while the U.S. dollar **strengthened** 3.1% (YTD) against the Canadian dollar to end the month with an exchange rate of **1.39**.
- The Bank of Canada elected to reduce its policy interest rate by 0.50% in October to 3.75%.
- The central bank has lowered its policy rate by 1.25% in 2024.
- The policy rate cut followed the September inflation reading of 1.6%, below the 2.0% target.
- Unemployment remained high at 6.5%, while economic growth softened to 1.5% in Q3.
- The Canadian economy is projected to grow by 2.1% in 2025.



COMMODITIES:

OIL:

- **The price of crude oil was \$70.62 per barrel (WTI).**
- Oil prices increased \$2.35 per barrel, or 3.4%, in October.
- Crude oil prices were especially volatile in October, rising as high as \$77.48, before falling in the second half of the month. The volatility was attributable to ongoing geopolitical tensions and potential policy shifts following the U.S. election.
- **Oil is forecasted to trade between \$65 and \$80 per barrel over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2024	\$76.95	\$87.01	\$66.37	-1%
2023	\$77.64	\$93.84	\$66.74	-11%
2022	\$94.53	\$123.70	\$71.59	7%
2021	\$68.17	\$84.65	\$47.62	55%
2020	\$39.68	\$63.27	\$11.26	-21%
2019	\$56.99	\$66.24	\$46.31	35%
2018	\$65.23	\$77.41	\$44.48	-25%
2017	\$50.80	\$60.46	\$42.48	12%
2016	\$43.29	\$54.01	\$26.19	45%
2015	\$48.66	\$61.36	\$34.55	-31%
2014	\$93.17	\$107.95	\$53.45	-46%

COPPER:

- **The price of copper was \$4.36 USD per pound.**
- Copper prices decreased \$0.19 per pound, or 4.2%, in October.
- Copper prices moved steadily lower in October as a surge in the U.S. dollar weakened demand for dollar-priced commodities. The price was also impacted by aggressive stimulus measures in China, which are expected to boost production.
- **Copper is forecasted to trade between \$4.40 and \$4.30 per pound over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2024	\$4.24	\$5.10	\$3.68	12%
2023	\$3.86	\$4.28	\$3.57	2%
2022	\$4.00	\$4.94	\$3.23	-14%
2021	\$4.24	\$4.76	\$3.52	27%
2020	\$2.80	\$3.63	\$2.10	26%
2019	\$2.72	\$2.97	\$2.53	6%
2018	\$2.93	\$3.30	\$2.56	-20%
2017	\$2.81	\$3.30	\$2.49	32%
2016	\$2.20	\$2.69	\$1.94	17%
2015	\$2.49	\$2.94	\$2.02	-25%
2014	\$3.11	\$3.38	\$2.83	-17%

ALUMINUM:

- **The price of aluminum was \$2,605 USD per tonne.**
- Aluminum prices decreased \$30.00 per tonne, or 1.1%, in October.
- Aluminum prices undulated throughout the month, ending slightly negative. However, the price outlook for Aluminum is favorable, supported by slowing factory output in China and the blockade of exports from Emirates Global¹.
- **Aluminum is forecasted to trade between \$2,500 USD/tonne and \$2,800 over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2024	\$2,432	\$2,768	\$2,159	9%
2023	\$2,288	\$2,662	\$2,122	0%
2022	\$2,711	\$3,966	\$2,103	-15%
2021	\$2,486	\$3,198	\$1,954	42%
2020	\$1,732	\$2,068	\$1,427	9%
2019	\$1,811	\$1,936	\$1,706	-2%
2018	\$2,115	\$2,556	\$1,817	-19%
2017	\$1,979	\$2,272	\$1,686	34%
2016	\$1,610	\$1,784	\$1,450	12%
2015	\$1,679	\$1,978	\$1,436	-18%
2014	\$1,984	\$2,107	\$1,840	0%

¹ Emirates Global Aluminum is the world's top aluminum miner.

Disclosures:

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