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Highland ReCAP

A Review of Capital Markets

October 2024

Summary

Markets gave back gains in October with most major indexes finishing the month in the red. Bond yields moved higher as September's rate cut euphoria wore off in emphatic fashion. Stocks tumbled with markets keying in on a toss-up U.S. presidential election. U.S. GDP growth slowed in the third quarter but remained respectable at 2.8% annualized, powered by resilient consumer spending. Inflation remained benign at 2.4% year-over-year.

Equities

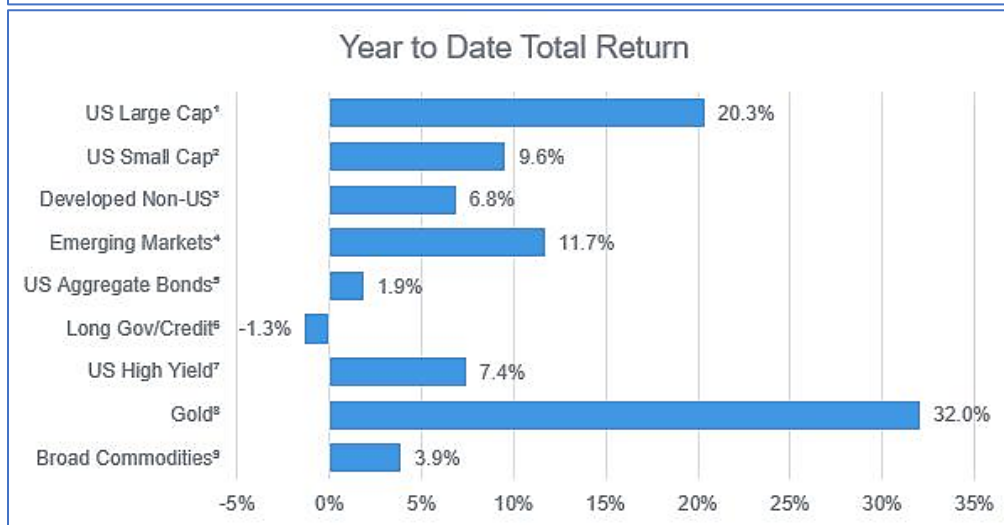
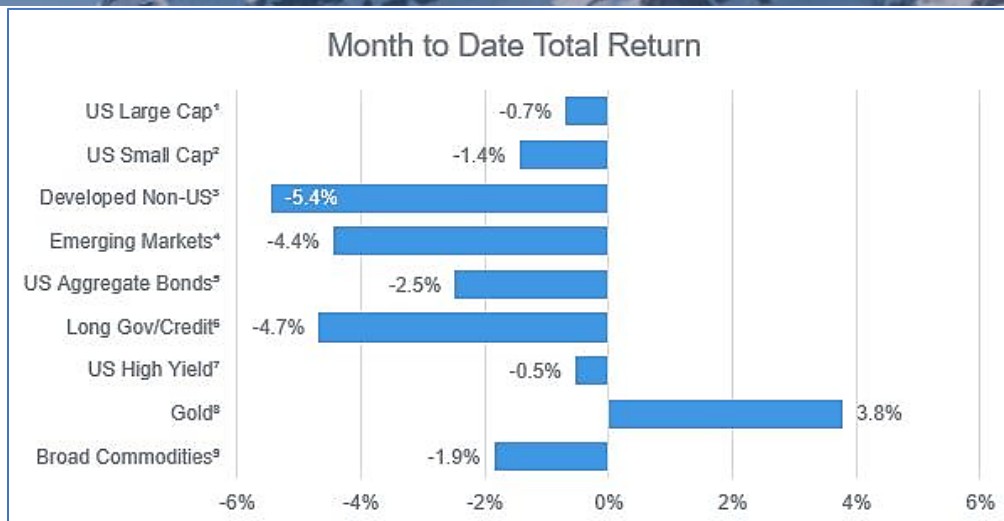
U.S. stocks finished October slightly negative on volatile trading, as inconsistent earnings results and pre-election jitters jostled investors. The pullback was more pronounced in international markets as both developed and emerging markets underperformed domestic equities with a strengthening dollar proving to be a headwind. Domestic economic data, while not spectacular, remained solid heading into the home stretch of 2024.

Fixed Income

Bond markets experienced a post-Fed hangover in October as yields traded higher, turning returns negative for the month. The 10-year yield moved as high as 4.34% intramonth before finishing October at 4.28%, and 48 basis points higher than September's final level. Credit remained a bright spot with spreads continuing to trade at historical tights.

Market Trends

As of October 31, 2024



	1M	3M	YTD	1Y	3Y	5Y	10Y
US Large Cap ¹	-0.7%	3.8%	20.3%	38.1%	8.1%	15.0%	12.8%
US Small Cap ²	-1.4%	-2.2%	9.6%	34.1%	0.0%	8.5%	7.9%
Developed Non-US ³	-5.4%	-1.5%	6.8%	23.0%	2.7%	6.2%	5.3%
Emerging Markets ⁴	-4.4%	3.6%	11.7%	25.3%	-1.4%	3.9%	3.4%
US Aggregate Bonds ⁵	-2.5%	0.2%	1.9%	10.5%	-2.2%	-0.2%	1.5%
Long Gov/Credit ⁶	-4.7%	-0.4%	-1.3%	17.0%	-8.2%	-2.9%	1.6%
US High Yield ⁷	-0.5%	2.7%	7.4%	16.5%	3.0%	4.5%	4.9%
Gold ⁸	3.8%	12.5%	32.0%	37.0%	14.8%	11.4%	7.9%
Broad Commodities ⁹	-1.9%	3.0%	3.9%	-1.2%	2.1%	7.0%	-0.1%

1 – Russell 1000, 2 – Russell 2000, 3 – MSCI EAFE, 4 – MSCI Emerging Markets, 5 – Bloomberg US Agg, 6 – Bloomberg US Long Gov/Credit
7 – Bloomberg US Corporate High Yield, 8 – Bloomberg Gold Subindex, 9 – Bloomberg Commodity

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Disclosure Statements

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FTSE Russell

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