



DAVIS

EXECUTIVE WEALTH MANAGEMENT
at Steward Partners

Market Update

Quarterly Insights – 3rd Qtr 2024

Timothy Davis, CFP®

Fed Rate Cuts and Solid Earnings Amid Economic Concerns

The third quarter brought a mix of market volatility driven by political uncertainty and worries about future economic growth. However, solid corporate earnings and the Federal Reserve's decision to begin cutting rates helped offset those concerns, with the S&P 500 reaching new all-time highs and closing the quarter with strong gains.

Market Overview: Volatility and Rotation

Markets continued the first-half rally into July with positive earnings and strong economic data. The S&P 500 hit a new high mid-month but experienced volatility as investors rotated out of tech stocks and into sectors like utilities, financials, and industrials. This shift was driven by profit-taking in tech following its AI-driven surge and falling inflation, which signaled future Fed rate cuts.

While tech's pullback weighed on the S&P 500, gains in other sectors helped balance out the performance, allowing the market to close July with a modest 1.1% gain. August saw more volatility as a weak jobs report raised concerns of a potential economic slowdown. However, reassurances from Fed Chair Powell regarding imminent rate cuts in late August sparked a market rebound, resulting in a 2.3% gain for the month.

September saw continued gains, as expectations for a substantial Fed rate cut, despite mixed economic data, boosted investor confidence. On September 18th, the Fed cut rates for the first time in four years, with promises of further reductions. This news lifted the S&P 500 to another record high, capping a strong quarter and a robust year-to-date performance.

Political Influence on Markets

Political developments also impacted markets. Early in the quarter, investors expected a Republican win in the upcoming presidential election, but the dynamics shifted after President Biden's withdrawal and the nomination of Vice President Kamala Harris. According to Real

clear Politics, polls slightly favor Harris in the popular vote and Trump in the Electoral College, with the balance of power in Congress still uncertain.

Sector and Market Performance

- **Market Cap & Style:** Small-cap stocks outperformed large-caps for the first time in 2024, as investors rotated into economically sensitive areas. Value stocks outperformed growth, largely due to the decline in tech, with sectors like financials, industrials, and utilities gaining favor.
- **Sector Winners & Laggards:** Utilities and real estate, both beneficiaries of lower interest rates, outperformed, while tech and energy lagged. Concerns about global growth, especially in China, weighed on the energy sector.
- **International & Commodities:** International markets outperformed the S&P 500, with foreign developed and emerging markets benefitting from anticipated rate cuts by global central banks and Chinese economic stimulus. Commodities saw mixed results, with oil prices declining, while gold rallied due to geopolitical uncertainties.
- **Fixed Income:** Bonds performed well, with long-duration bonds leading gains as inflation cooled and the Fed's rate cuts loomed. Investment-grade bonds outperformed high-yield bonds, as economic uncertainty drove investors toward safety.

Fourth Quarter Outlook: Caution and Opportunity

As we head into the fourth quarter, focus will shift from Fed policy to economic growth and political developments. Now that the rate-cut campaign is in full swing (expectations, according to the Fed Funds Futures Markets, are for the Fed Funds rate to be at around 3% by YE 2025, markets may react more sensitively to economic data, particularly in the labor market. While the Fed's actions helped prop up markets despite weak data, continued disappointments could lead to increased volatility. All eye on growth going forward.

The political landscape will also influence markets, as the upcoming election could introduce further volatility. Policy changes or continuity in key areas like taxes, global trade, and fiscal policy will have broader market implications.

Geopolitical risks, including the ongoing conflicts in Ukraine and the Middle East, remain elevated. Although these have yet to materially impact global markets, any escalation could shift investor sentiment and market direction.

Despite these uncertainties, the market's overall performance in 2024 has been strong. The resilience we've seen reflects solid economic fundamentals, which remain positive. Historically, markets have continued to advance regardless of political outcomes, and we expect this trend to persist over the long term.

Conclusion: Stay the Course

At Davis Executive Wealth Management, we are closely monitoring these developments and are committed to guiding you through this evolving environment. Volatility is part of the investing journey, but it doesn't change the long-term strategy we've built to meet your financial goals.

As always, please don't hesitate to reach out with any questions, or if you'd like to schedule a portfolio review.

Thank you for your trust and confidence.

Regards,
Tim

Listen to my interview on Sirius XM's Business Briefing: <https://youtu.be/URCKH5TQpa4?si=TzpkZdtKEvQnWDio>

Timothy Davis, CFP®
Executive Managing Director – Wealth Manager
Partner
Davis Executive Wealth Management Group

Steward Partners Global Advisory
One International Place, Suite 3210
Boston, MA 02110
(Direct) [617-377-4418](tel:617-377-4418)
(Office) [617-377-4422](tel:617-377-4422)
(Toll Free) [888-371-0086](tel:888-371-0086)
(Fax) [857-233-2966](tel:857-233-2966)

t.davis@stewardpartners.com

<https://www.davisexecutivewealth.com>

<https://www.linkedin.com/company/timothy-davis-executive-wealth-management>



***2019 - 2024 Forbes Best-In-State Wealth Advisor**

<https://www.forbes.com/profile/timothy-davis>

All recognition award information can be found on Steward Partners' website at <https://www.stewardpartners.com/Recognition.7.htm>

The views expressed herein are those of the author and do not necessarily reflect the views of Steward Partners or its affiliates. All options are subject to change without notice. Neither the information provided, nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. Past performance is not guarantee of future results.

Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results. Future investment yields will fluctuate with market conditions.

For index definitions click [here](#)

Securities are offered through Steward Partners Investment Solutions, LLC ("SPIS"), registered broker/dealer, member FINRA/SIPC. Investment advisory services are offered through Steward Partners Investment Advisory, LLC ("SPIA"), an SEC-registered investment adviser. SPIS, SPIA, and Steward Partners Global Advisory, LLC are affiliates and collectively referred to as Steward Partners.

AdTrax [6135873.31](#) 10/2025

