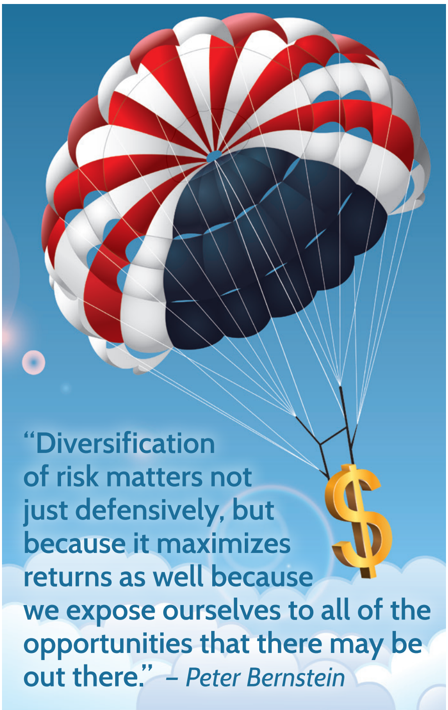
the SGROI LAWLEY NEWSLETTER

Exciting partnership news inside!

The Fed Eases as it Tries to Stick Soft Landing

September will long be remembered as the month the Federal Reserve started its easing cycle, opting for a 50-basis point rate cut. It is expected that the Fed will cut another 50 basis points before year-end, followed by another 100 basis points of cuts in 2025. All of this will be dependent on incoming data, but the message from the Fed is clear in that they want to try and stay ahead of the curve to support the labor market and with that try and complete that "soft-landing" where the US economy does not fall into a recession. Easing policy, coupled with stable growth is a friendly environment for stocks, so it is no surprise that the S&P 500 sits at new all-time highs, was up 5.89% in the third quarter, and is up 22.08% for the year. Easing Fed policy is also good news for the bond market, and although yields could creep up in the near term, the direction should be lower for yields and higher for bond prices, and thus why the Bloomberg Barclays Aggregate Bond Index was up 5.20% for the quarter and is up 4.45% in 2024. Although there is good news out there for risk assets, there are some things to be wary of, as we have an election coming up, geopolitical uncertainty, and economic data that could cause volatility in the near term.



Looking towards the 4th quarter, we could see some choppy waters ahead, as the election race is close and there is uncertainty about the path for economic growth and incoming inflationary data. With all of this, we believe it is time to deploy cash, as with the Fed easing policy, rates are likely to fall further and potentially much further if economic data deteriorates. Bonds should act like bonds again and be that non-correlated asset to equity volatility that we are used to. On the equity side, we like "quality growth" companies, or companies

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