



QUARTERLY MARKET REVIEW • RETROSPECTIVE

Third Quarter 2024

The Federal Reserve began cutting interest rates, and stocks rose to new highs despite a sharp but brief sell-off in August.

Data as of September 30, 2024 | Retrospective review prepared October 2026
catalystfg.com | (832) 657-7735

THE QUARTER AT A GLANCE

The Fed began cutting rates

+5.5%**S&P 500**

Price return for the quarter, its fourth straight quarterly gain

+8.2%**DOW JONES INDUSTRIAL AVG.**

Price return for the quarter, leading the major indexes

4.75%–5.00%**FED FUNDS TARGET**

After the Sept. 18 half-point cut, the first since 2020

2.5%**INFLATION (CPI)**

August, year over year, the lowest since early 2021

01

The first rate cut.

The Fed cut its benchmark rate by half a percentage point in September, its first cut since 2020.

02

A summer scare.

Stocks fell sharply in early August after a weak jobs report, then recovered to new highs by September.

03

Leadership broadened.

Smaller companies, utilities, and real estate outperformed as investors looked beyond the largest technology stocks.

U.S. STOCKS

Stocks reached new highs as market leadership broadened

The S&P; 500 gained 5.5% in the third quarter, the Dow Jones Industrial Average rose 8.2%, and the Nasdaq rose 2.6%. The S&P; 500 and the Dow both ended September at record highs.

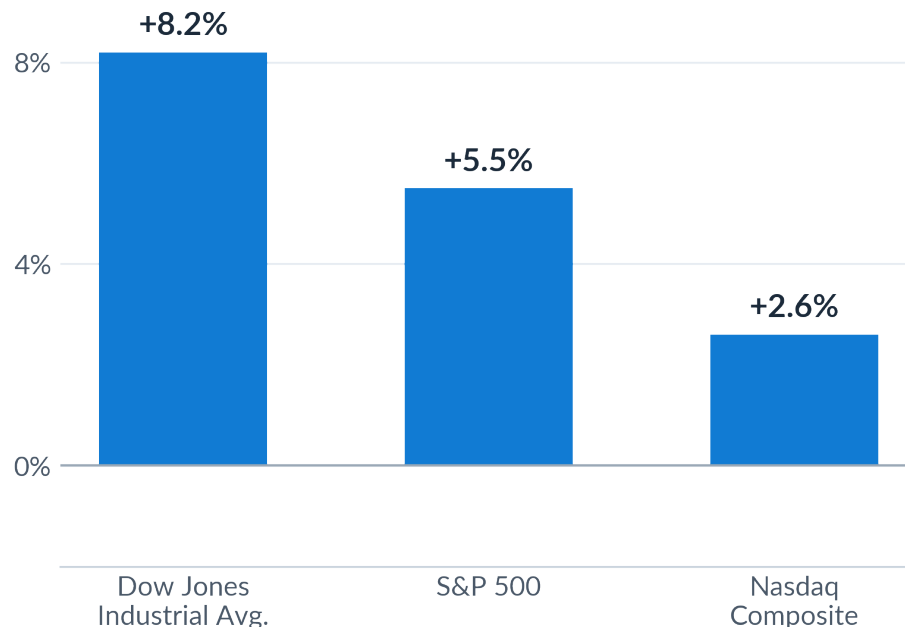
The quarter was not smooth. In early August, a weaker-than-expected jobs report and a sudden shift in global currency markets triggered a sharp sell-off. Stocks recovered within weeks.

Leadership shifted away from the largest technology companies. Utilities and real estate, which tend to benefit from falling interest rates, were among the best-performing sectors, and smaller companies outperformed.

WHY IT MATTERS

The August sell-off was a reminder that sharp drops can happen without warning, and that recoveries can be just as fast. Investors who sold during the decline risked missing the rebound.

Third-quarter price returns, major U.S. indexes



Source: S&P Dow Jones Indices; Nasdaq. Price returns, June 28 to September 30, 2024. Indexes are unmanaged and cannot be invested in directly. Past performance is not a guarantee of future results.

INTEREST RATES AND THE FED

The Fed made its first interest rate cut in four years

On September 18, the Federal Reserve cut its benchmark rate by half a percentage point, to 4.75% to 5.00%. It was the Fed's first cut since 2020 and a larger first step than many expected, as officials shifted focus from fighting inflation toward supporting the job market.

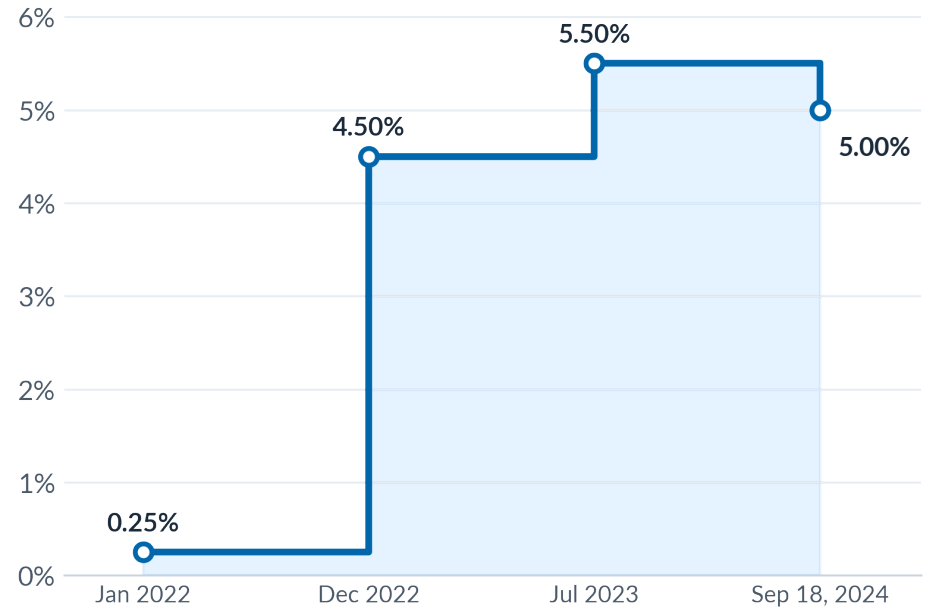
Anticipating the cut, investors pushed bond yields lower. The 10-year Treasury yield fell from 4.36% at the end of June to 3.81% at the end of September.

Falling yields lifted bond prices, and bonds had one of their best quarters in recent years.

WHY IT MATTERS

Falling rates are good news for existing bonds, whose prices rise. For savers, they mean yields on cash and CDs will gradually come down from their recent highs.

Federal funds target rate (upper bound), 2022–2024



Source: Board of Governors of the Federal Reserve System, FOMC statements. Upper bound of the target range after each change.

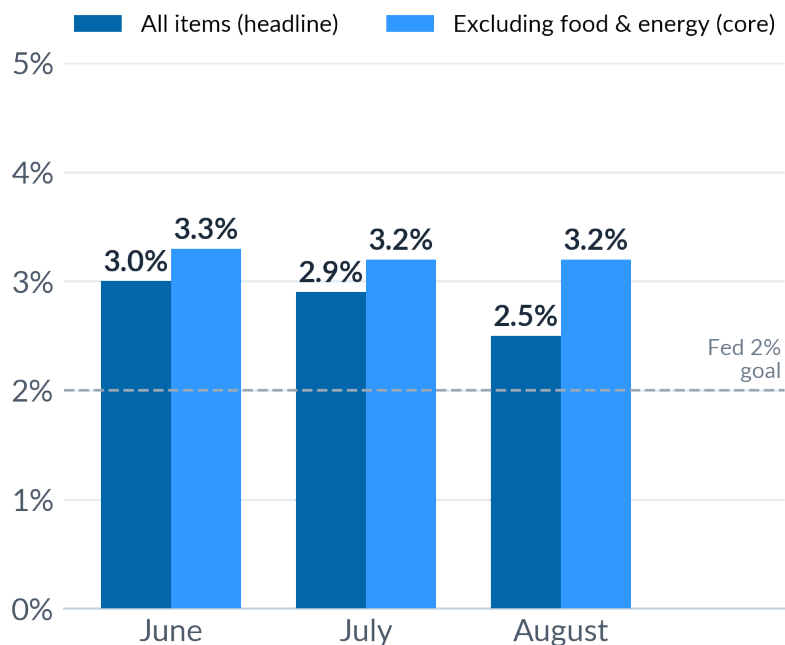
INFLATION AND OIL

Inflation neared the Fed's goal as oil prices fell

Overall inflation fell to 2.5% in August, its lowest level since early 2021 and close to the Fed's 2% goal. Core inflation, which leaves out food and energy, held at 3.2%.

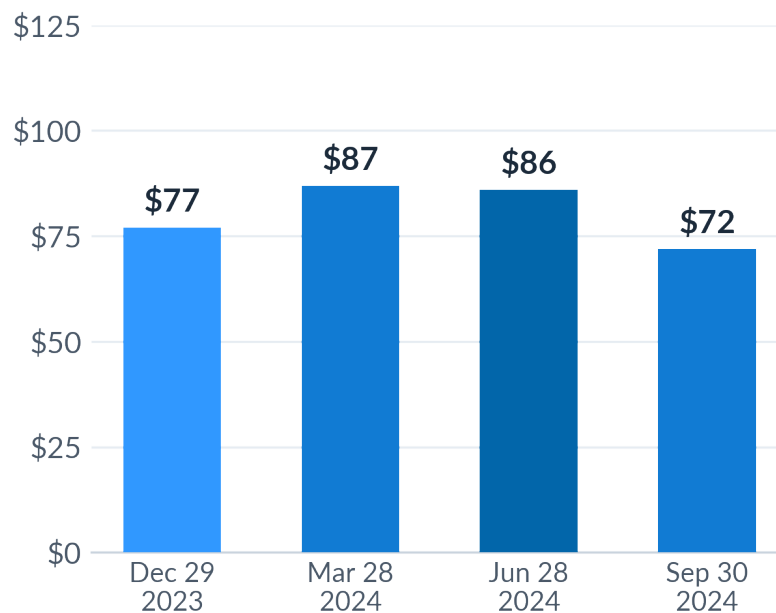
Oil prices fell sharply over the quarter on worries about slowing global demand, especially in China. Brent crude ended September near \$72 a barrel, down from about \$86 at the end of June.

Consumer price inflation, year over year



Source: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers.

Brent crude oil futures, dollars per barrel



Source: ICE Futures Europe, Brent front-month settlement prices at each quarter-end.

LOOKING BACK

What came next

More cuts followed

The Fed cut rates by another half point across November and December 2024.

Yields rose anyway

Despite the cuts, the 10-year Treasury yield climbed back to 4.58% by the end of 2024.

Stocks kept climbing

The S&P; 500 closed above 6,000 for the first time in November 2024 and finished the year up about 23%.

Inflation leveled off

Overall inflation edged back up to 2.9% by December 2024.

KEEPING PERSPECTIVE

The Fed's first rate cut marked the start of a new phase after the most aggressive rate increases in decades. Changes like this unfold over years, not weeks, and long-term plans are built to adapt as they do. Past performance is not a guarantee of future results.

IMPORTANT INFORMATION

Definitions, sources, and disclosures

Definitions. The S&P 500 tracks 500 large U.S. companies. The Nasdaq Composite includes more than 3,000 stocks listed on the Nasdaq exchange and is weighted toward technology. The Dow Jones Industrial Average tracks 30 large U.S. companies. The 10-year Treasury yield is the annual return on a 10-year U.S. government bond held to maturity. The Consumer Price Index (CPI) measures changes in prices paid by urban consumers; core CPI excludes food and energy. Brent crude is the main global benchmark for oil prices. The federal funds rate is the Federal Reserve's benchmark short-term interest rate.

Sources. S&P Dow Jones Indices; Nasdaq; Board of Governors of the Federal Reserve System (FOMC statements, Summary of Economic Projections, H.15 Selected Interest Rates); U.S. Department of the Treasury; ICE Futures Europe; U.S. Bureau of Labor Statistics. Data as of September 30, 2024, unless otherwise noted. The "Looking back" page reflects data through December 2025.

This material is provided for general informational and educational purposes only. It is not intended as investment, tax, or legal advice, and it is not a recommendation or solicitation to buy or sell any security. It reflects market conditions as of the date noted and is subject to change without notice. Information is obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Past performance is not a guarantee of future results. All investing involves risk, including the possible loss of principal. Indexes are unmanaged, do not reflect fees or expenses, and cannot be invested in directly. Bond prices generally fall when interest rates rise. Forward-looking statements are not guarantees of future events.

Investment advisory services are offered through Catalyst Wealth Management LLC, a registered investment adviser. Securities are offered through Innovation Partners, LLC, Member FINRA/SIPC. Innovation Partners LLC and Catalyst Wealth Management LLC are not affiliated. Financial advisors do not provide specific tax or legal advice; please consult your tax or legal professional regarding your situation. Check the background of your financial professional on FINRA's BrokerCheck at brokercheck.finra.org.