

9/22/24[★]

Sunday Dump

WEEKLY NEWSLETTER



Welcome to the Sunday Dump, your weekly 5 minute digest of the most exciting developments in finance, economics and current events.

Markets



This week, the US stock market showed strong performance, with the S&P 500 rising by 1.56%, the NASDAQ climbing 2.13%, and the Dow Jones Industrial Average gaining 1.52%. Investors reacted positively to the Federal Reserve's decision to cut interest rates by 50 basis points (0.5%). This rate cut is designed to make borrowing cheaper, which encourages businesses to invest and expand, potentially boosting economic growth.

The lower rates also make stocks more attractive compared to other investments like bonds, which tend to offer lower returns when rates are cut. This optimism helped propel the market, with tech stocks benefiting the most, as they rely on growth and are more sensitive to rate cuts. However, the broader market also saw gains, as investors became more confident about the economy's ability to sustain growth.

The 50 basis point rate cut signals that the Fed is focused on supporting economic expansion while managing inflation, with two more rate cuts slated to end this year. While this provides a short-term boost, it will be important to monitor inflation and other economic indicators to assess the long-term effects.

Economic Data



On Wednesday the Fed made official the widely anticipated and forecasted rate cuts. They slashed the target Federal Funds Rate by half a percentage point, dropping the range from 5.25%-5.5% to 4.75%-5%. This comes as a somewhat surprising move, with many having predicted a less aggressive 0.25 percentage point cut. This aggressive move indicates that the Fed is concerned with the labor market despite the maintained strength of the U.S. GDP. Lower interest rates incentivize investing in the economy, increasing spending which puts more money in the hands of employers. Wednesday's rate cut shows the Fed is more concerned with the labor market than the risk of allowing inflation to rise again.

A rate cut in and of itself is also significant. This is the first rate cut in 4 years and marks a drastic shift since the Fed began hiking interest rates in early 2022. Other interest rates, such as bank interest rates (for saving accounts) and, importantly, mortgage rates follow the Federal Funds rate, which is the interest rate at which banks loan from each other.

Economic Data Continued



Mortgage rates have already been declining in anticipation of this rate cut and will continue to decline. This provides much needed relief to many homebuyers who, up until now, had been turned away by aggressive prices. Not only will this increase demand in the real-estate market, but it may also increase supply. Lower interest rates have no direct negative effect on sellers since interest rates impact lenders of mortgages, not the seller itself. Additionally, note that sellers almost always are or will become home buyers immediately after or during the sale of their house. This means that many of the sellers who were unwilling to sell their house because of the high interest rates they'd have to pay when buying their new homes will now be willing to sell their homes. This is also great news for homebuyers, who will have more choices to choose from.

Stock of the Week



Meta Platforms, Inc. ([META](#)) has recently crossed a 52-week high, surging 7% over the past week, or approximately \$36.91. With a market cap of \$1.36 trillion as of September 18, 2024, Meta remains a dominant force in the digital advertising space, controlling 18% of the global market.

In Q2 2024, Meta had a 22% YoY increase in revenue at \$39.1 billion driven by its core platforms: Facebook, Instagram, and WhatsApp. The total assets were at \$230.2 billion, while the total liabilities stood at \$73.5 billion. Such strength in the financials underlines its outstanding overall financial health. At the end of the quarter, it had generated \$58.1 billion in cash and marketable securities, with a solid free cash flow of \$10.9 billion to return through dividends and [share repurchases](#). Meta also invests in AI projects intensively, allocating as much as \$40 billion to extend network infrastructure and processing capabilities. Despite these significant investments, the stock trades at a [P/E](#) of 22 and yields a 0.38% [dividend](#), positioning it as a solid long-term pick for growth.

Sunday Dump

Upcoming Week...

WEEK OF 9/22/24

Monday

- Flash Manufacturing PMI

Tuesday

- CB Consumer Confidence

Wednesday

- New Home Sales

Thursday

- Final GDP q/q
- Unemployment Claims
- Fed Chair Powell Speaks

Friday

- Core PCE Price Index m/m

Sat-Sun

- Sunday Dump Seminar

● Key Economic Data

● Key Stock Events

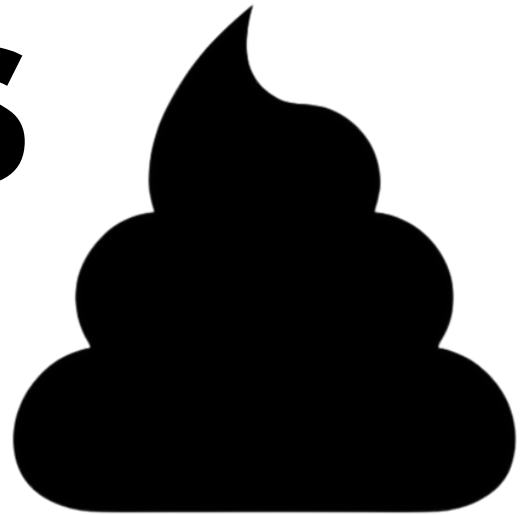
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Thanks for reading



SUNDAY DUMP'S WEEKLY
NEWSLETTER

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