
Market Notes

September 19, 2024

BIG NUMBER | 2.88%

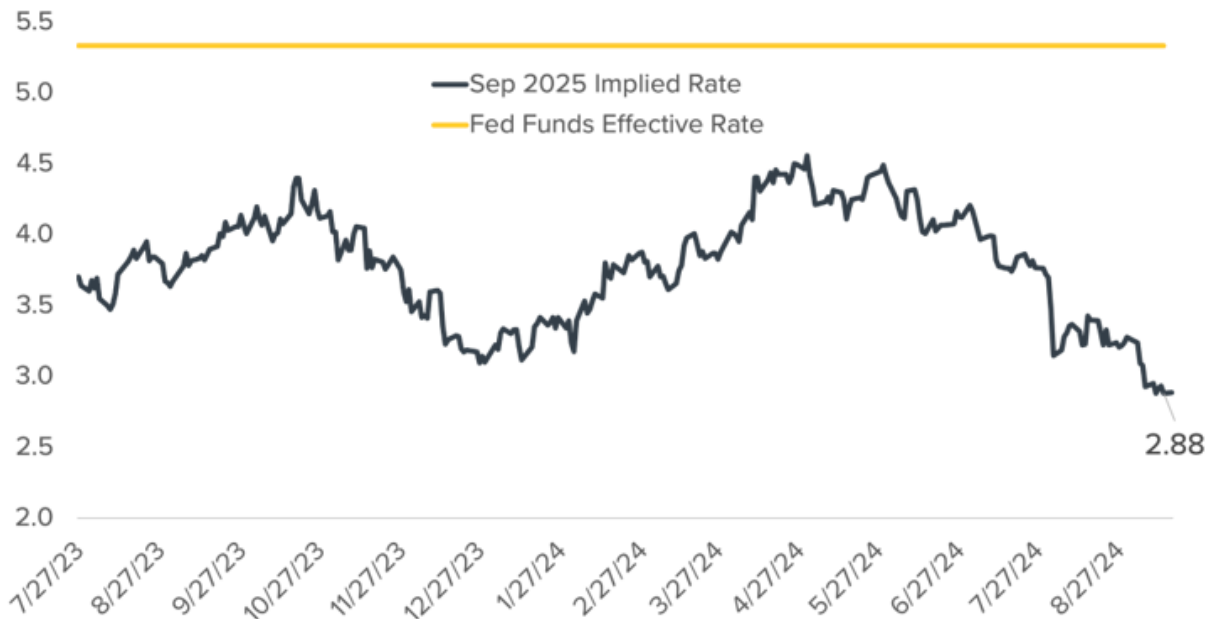
Let's Get It Started

Are you ready?

All eyes were on Chairman Jerome Powell on Wednesday as the Federal Reserve Board cut the federal funds rate for the first time since the start of the COVID-19 pandemic. The rate cut of 50 basis points, taking the federal funds rate to 4.75%, is the largest since 2008 (outside of the emergency rate cuts during the Covid-19 Pandemic).

Just as important: Longer term, investors see this week's interest rate cut as the beginning of a downward trend. Current interest rate futures prices show that the federal funds rate is expected to fall to slightly less than 3% by September 2025 — down from around 5.25% prior to this week's rate cut (see the chart).

Interest Rates Expected to Fall to Around 3% One Year From Now



Source: Bloomberg, calculations by Horizon Investments, data as of September 16, 2024. Federal Funds Implied Rate estimated using Secured Overnight Financing Rate (SOFR) futures contracts. Contact us for more information.

The upshot: The market is preparing for the Fed to cut rates consistently at each of its next nine meetings.

That anticipated steadiness suggests investors are looking for a relatively smooth path for the economy and the jobs market in the coming year.

Disclosure

Securities and Investment Advisory Services offered through Founders Financial Securities, LLC. Member FINRA, SIPC and Registered Investment Advisor.

This material contains the opinions of the author(s) but not necessarily those of Founders Financial Securities, LLC and such opinions are subject to change without notice. This material is being provided for informational purposes only and does not take into account your specific investment objectives or financial situation. The information is not intended as investment advice and is not a recommendation. Diversification and asset allocation strategies do not ensure a profit and cannot protect against losses in a declining market. Both past performance and yield may not be a reliable guide to future performance and yield. If you are seeking information regarding particular investment needs please contact a financial professional. Forecasts, estimates, and certain information contained herein are based upon proprietary research and should not be considered as investment advice or a recommendation of any particular security, strategy, or investment product. Risk Assist® is NOT A GUARANTEE against loss or declines in the value of your portfolio; it is a strategy that accompanies Founders Financial's investment strategies. Founders Financial's investment strategies are subject to risk including, general market risk, currency fluctuations, and economic conditions. Information contained herein has been obtained from sources believed to be reliable but is not guaranteed.

Certain materials above are produced by Horizon Investments, LLC, which is not affiliated with the advisory firm identified on the front page. © 2024 Horizon Investments, LLC

The strategies may not be appropriate for all investors. A strategy's investments may increase your vulnerability to any single economic, political, or regulatory development; fixed income investments, which are subject to interest rate risk; high yield ("junk") bonds, which are subject to greater credit and market risks; small and mid-cap stocks, which may be subject to more erratic market movements than large-cap stocks; foreign and emerging market securities, which are subject to currency fluctuation and political uncertainty.. Diversification does not assure a profit or protect against loss in declining markets. There is no guarantee a strategy's objective will be achieved.

The strategies presented are NOT A GUARANTEE against loss or declines in the value of your portfolio.