



# WJ Charts of the Month

October 2024

**WJ** Interests  
WEALTH ADVISORS

# WJ Charts of the Month Intro

"WJ Charts of the Month" is a comprehensive monthly slide deck designed to showcase recent significant financial events and data. The presentation is organized into four sections, beginning with a "Highlights" slide that sets the stage for the subsequent content.

**1. What Happened Last Month:** This section features a curated collection of charts and images from various publications, offering a visual summary of the previous month's key events.

**2. WJ State of the Economy:** Our team at WJ has created an array of charts to emphasize crucial economic factors and trends.

**3. WJ State of the Markets:** Similarly, this section comprises a series of charts crafted by WJ to provide an overview of the core markets we monitor.

We strive to maintain consistency across the charts to facilitate easy comparison month-over-month. However, we may adjust or emphasize specific charts if their relevance shifts over time.

Our objective with this publication is to establish a "One-Stop Shop" for the most vital financial information, presented in a concise and easily digestible format. **We value your feedback to help us achieve this goal.** If you have suggestions regarding the format, or if there's particular information you'd like to see in future editions, please don't hesitate to let us know.

# Highlights

[Election Recap](#)

[Long Term Rates Rise After Fed Cuts](#)

[Solid Q3 GDP](#)

[Periodic Table of Investments](#)

# What Happened

# Donald Trump Won the Election

Donald Trump has officially been elected the 47<sup>th</sup> President of the United States, and the results really weren't even close.

In pretty much every demographic category, Trump gained support compared to the 2020 election. Particularly important were the gains from young men and women (18-29), as well as black and hispanic voters. Though on average they still supported Harris over Trump (young men excluded), they did so by much less than the last election.

The Wall Street Journal breaks down the demographics in about 100 different ways if you're interested. Here is the link:

<https://www.wsj.com/politics/elections/election-2024-voters-demographics-votecast-survey-5a21c604>

## Gender and age

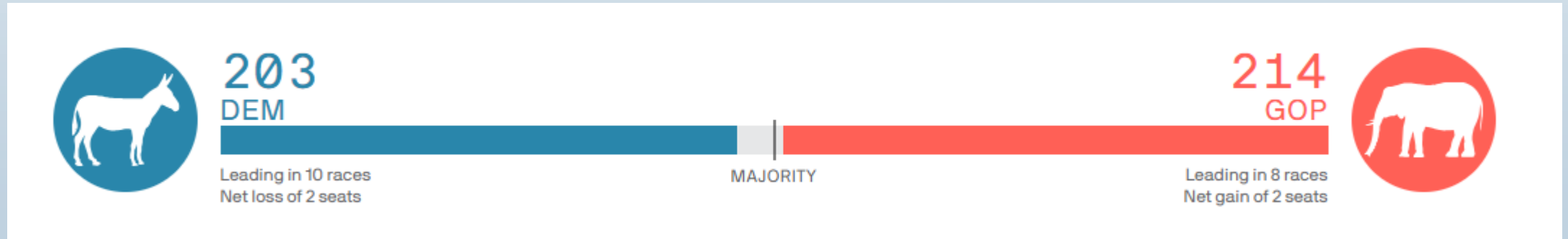
	SHARE	VOTED FOR HARRIS	CHG. FROM 2020	VOTED FOR TRUMP	CHG. FROM 2020
18-29 men	7%	42%	-14	56%	+15
18-29 women	8	58	-7	40	+7
30-44 men	11	48	-2	50	+3
30-44 women	13	53	-5	45	+5
45-64 men	15	42	-2	56	+1
45-64 women	17	50	-2	48	+1
65+ men	12	42	-1	56	0
65+ women	15	52	-1	47	0
All others	1	73	+3	21	-2

## What is your racial or ethnic heritage?

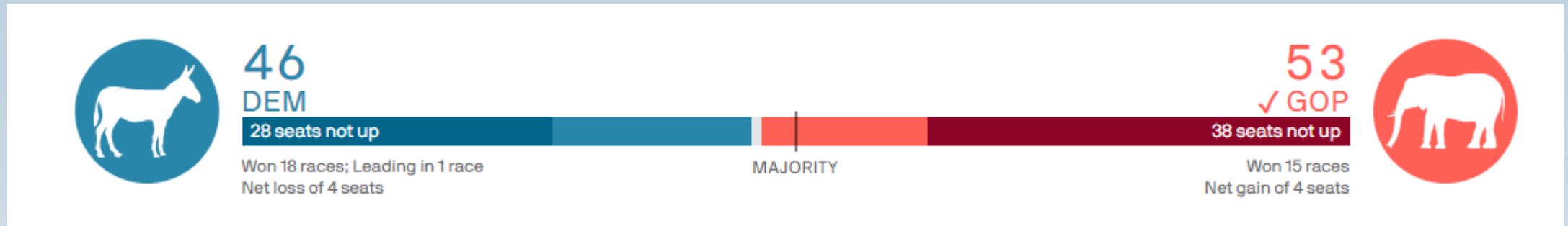
	SHARE	VOTED FOR HARRIS	CHG. FROM 2020	VOTED FOR TRUMP	CHG. FROM 2020
White	75%	43%	0	56%	+1
African-American or Black	10	83	-8	16	+8
Latino or Hispanic	10	55	-8	42	+7
Asian	2	64	-6	33	+4
American Indian or Alaska Native	0	43	N/A	52	N/A
Native Hawaiian or Other Pacific Islander	0	43	+8	50	-10
Other	2	50	-2	46	+2

# Red Wave

The House of Representative Race is still being counted, but its likely Republicans will retain the majority.



In addition, Republicans gained enough seats to take the majority in the Senate as well.





# The Effect Is Global

Not only did the incumbent party lose votes in the US, incumbent parties lost votes globally. In fact, this year was the first time EVER, since data was recorded in 1905, that every incumbent party in the developed world lost vote share.

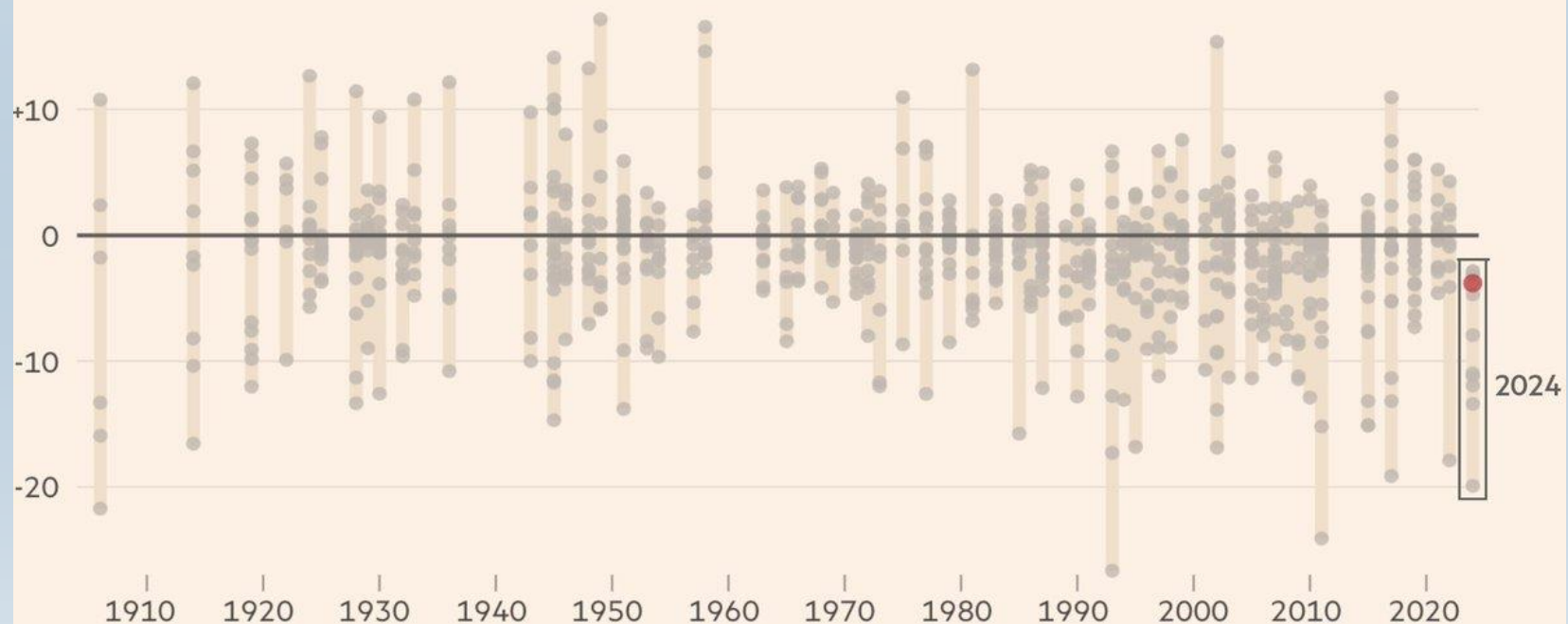
That's in the UK, France, India, Japan, Croatia, Bulgaria and Lithuania.

Either this is a coincidence, or there's been a shift globally in the factors that are most important to voters.

Every governing party facing election in a developed country this year lost vote share, the first time this has ever happened

Rise/fall in vote share for governing parties in national elections (% pts), by year

● Individual election ● US 2024



Excludes years where fewer than five countries had elections

FT graphic: John Burn-Murdoch / @jburnmurdoch

Sources: [ParlGov](#), FT research

©FT

# Inflation and Immigration are Global Issues

You can never say the election was won or lost by only a handful of issues, but without a doubt two of the most important were inflation, and immigration.

It's important to note, that these were not US only issues. Inflation of varying amounts was experienced around the globe, and it turns out people really hate inflation.

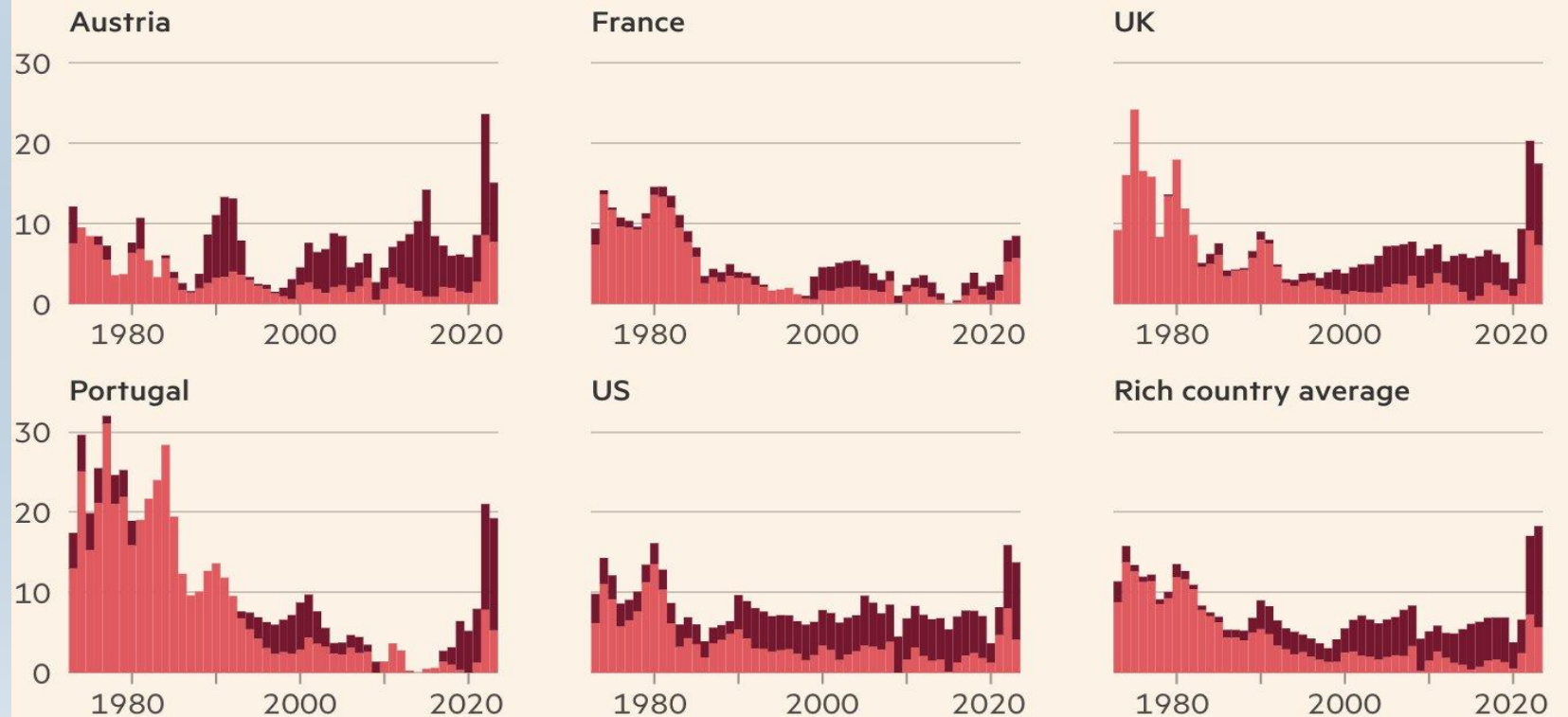
Immigration while a major issue in the US, is also a major issue in Europe. Immigration was one of the main factors that led to Brexit, for example.

Perhaps these two issues are the ones that led to the previous chart, where all incumbent parties lost vote share.

## Developed countries have undergone significant economic and social upheaval since the pandemic

Combined rate of inflation (%) + net migration (per 1,000)

■ Inflation ■ Immigration



FT graphic: John Burn-Murdoch / @jburnmurdoch  
Sources: OECD; UN Population Division; FT research  
©FT

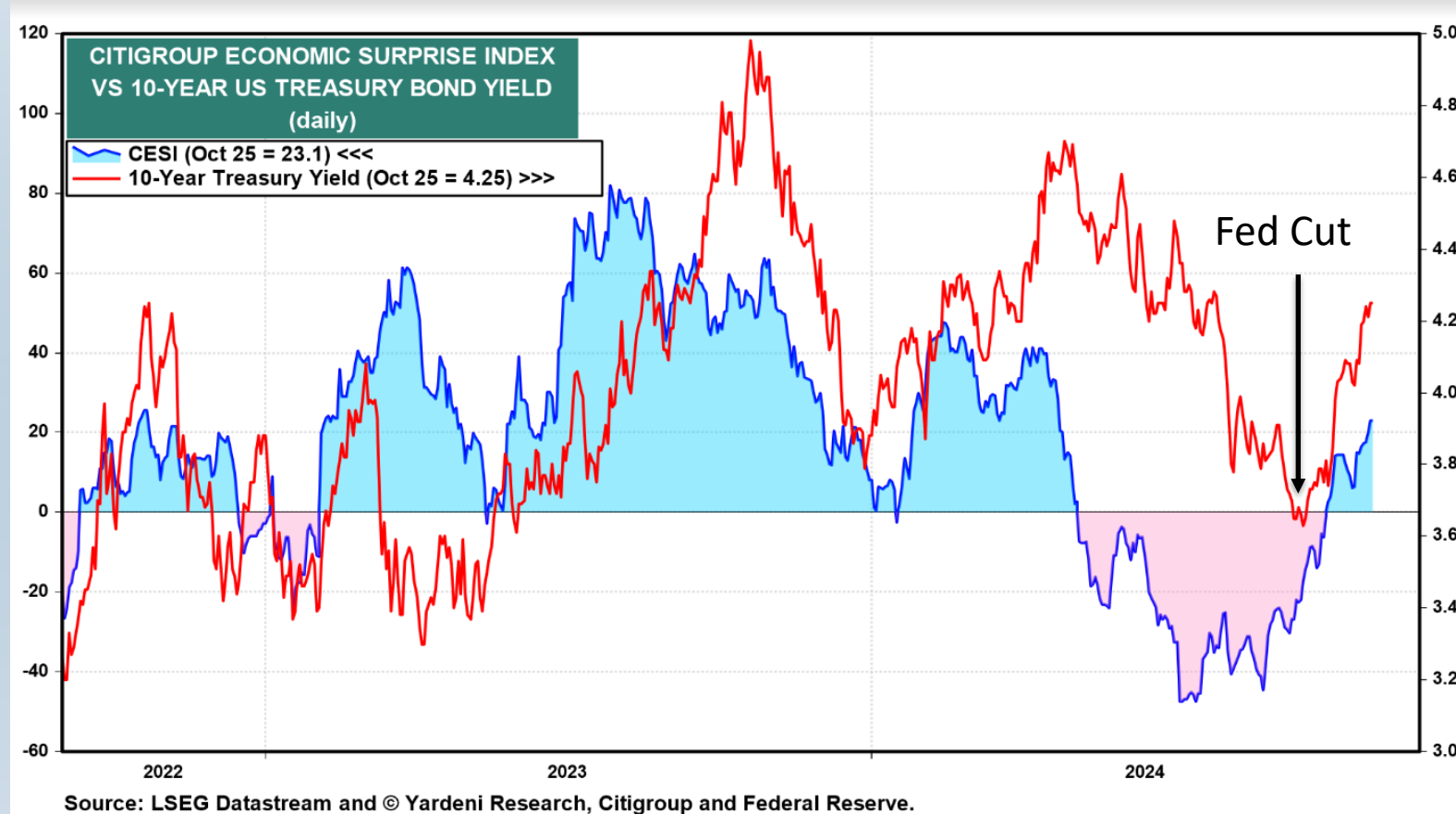


# The Fed Cut Short-Term Rates, and Long-Term Rates Went Up

Many were hoping that the Fed cutting rates would provide relief for borrowers, particularly for mortgage rates. In fact, the opposite happened. Since the Fed cut the Fed Funds Rate 0.5% a month and a half ago, longer term interest rates have risen aggressively.

One explanation is in the chart. The red line is the 10-year treasury yield. The blue is known as the CITI Group Economic Surprise Index. It simply goes up when a piece of economic data beats expectations and goes down when it's worse than expectations. In general, with higher growth comes higher interest rate.

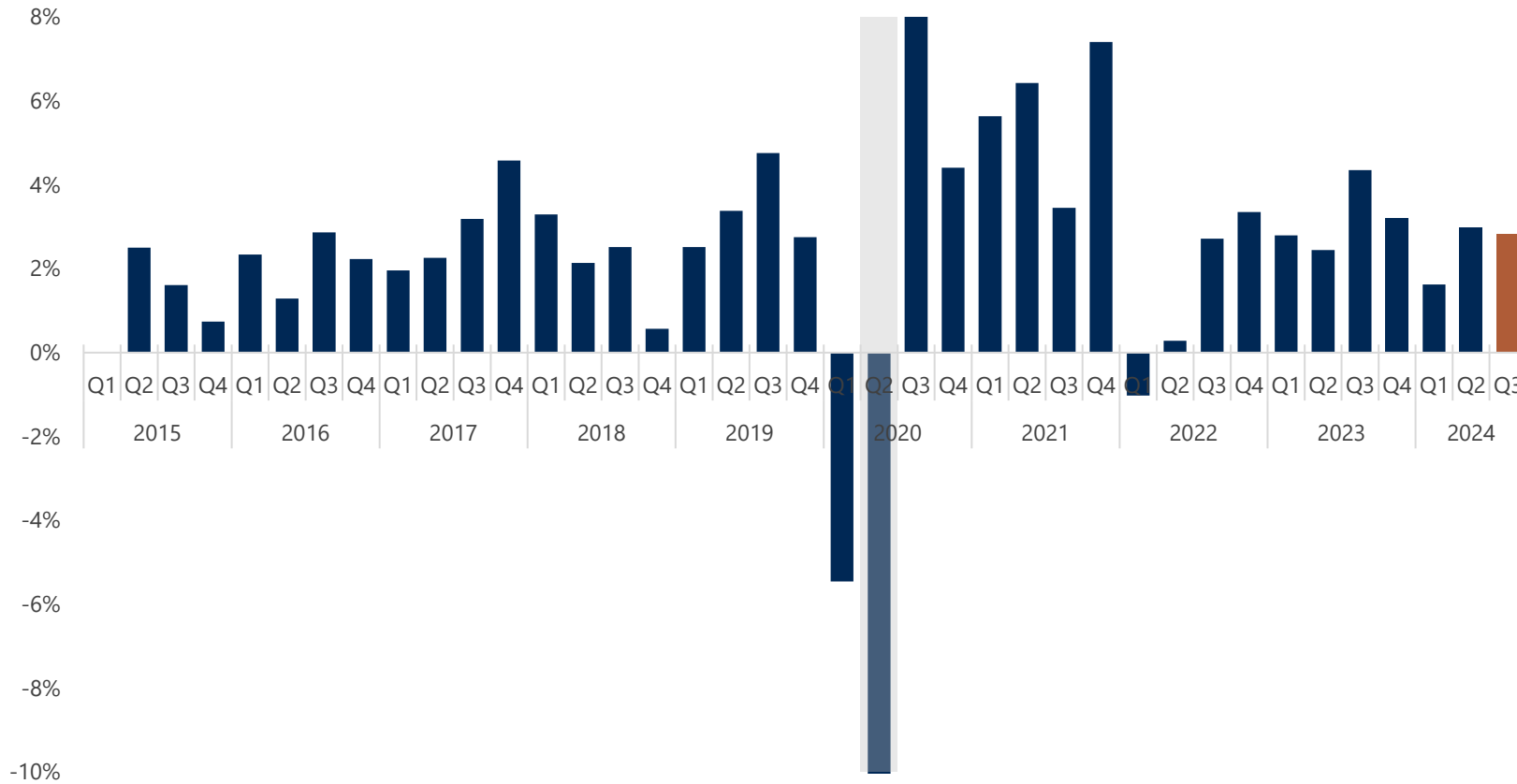
The other major factor is inflation. Inflation is generally going down, but increased deficit spending and potentially inflationary policy by either presidential candidate could've influenced rates higher as well.



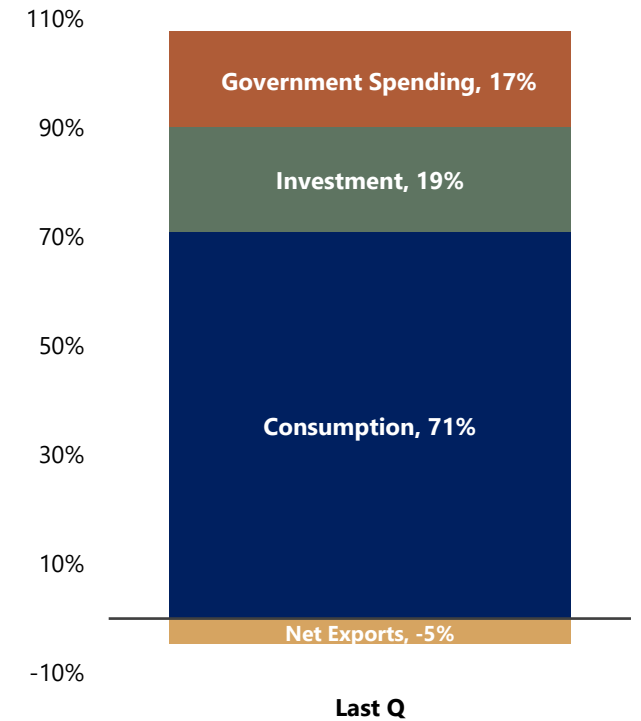
# WJ State of the Economy

# Q3 GDP Comes in at Solid 2.8%

Annualized Real Gross Domestic Product (GDP) % Chg



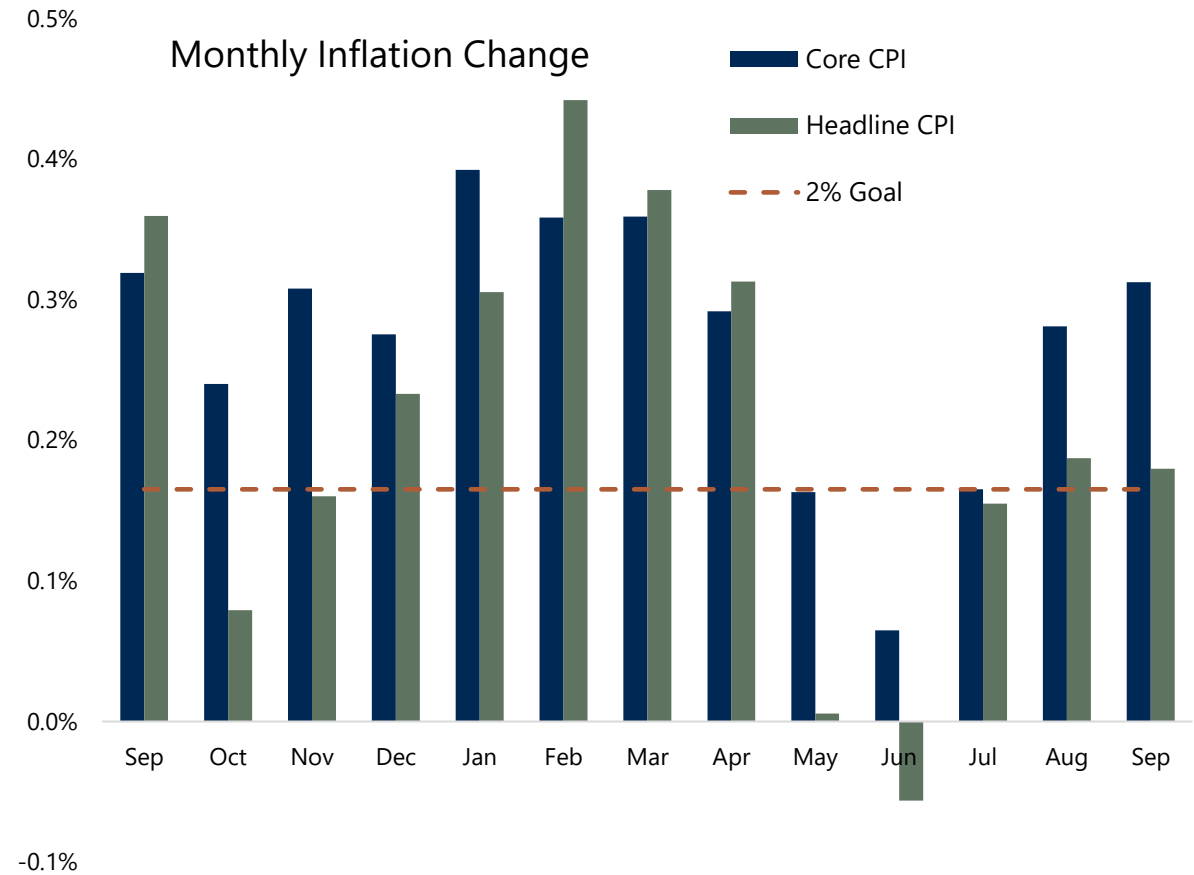
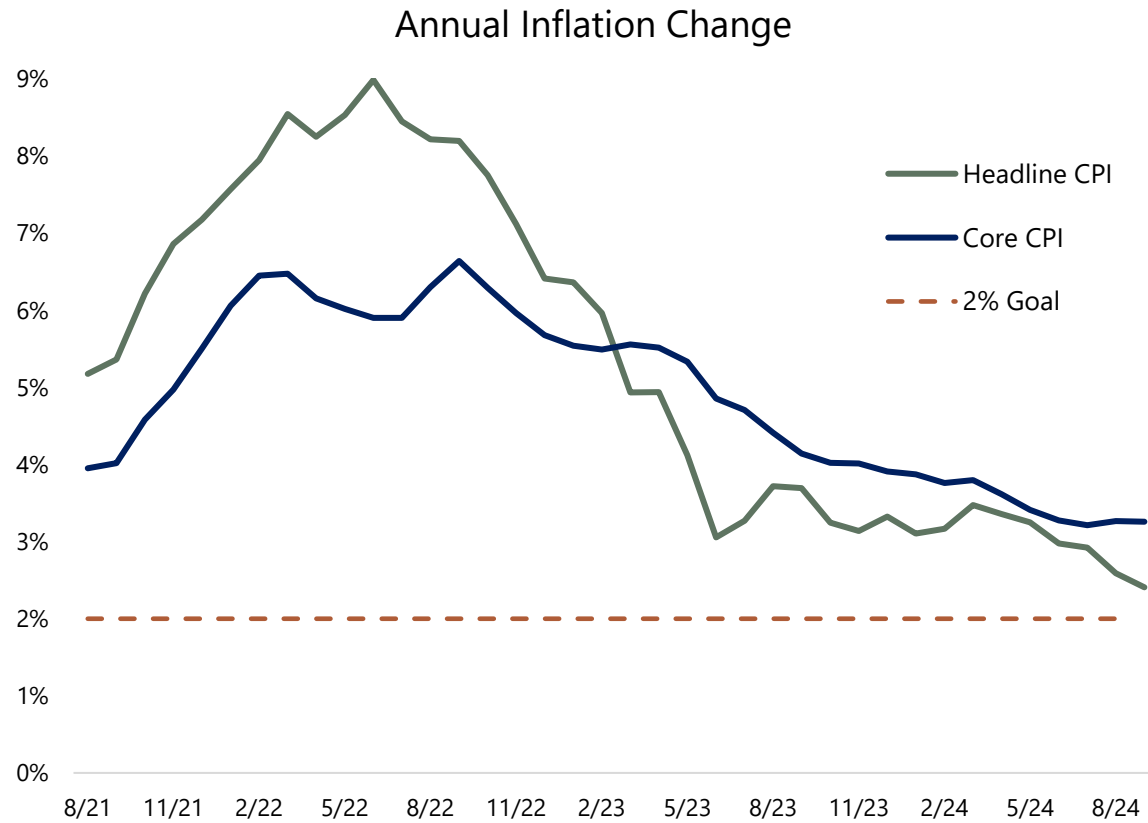
Components of GDP



# Job Openings Up, Unemployment Down



# Inflation Nearly at Target

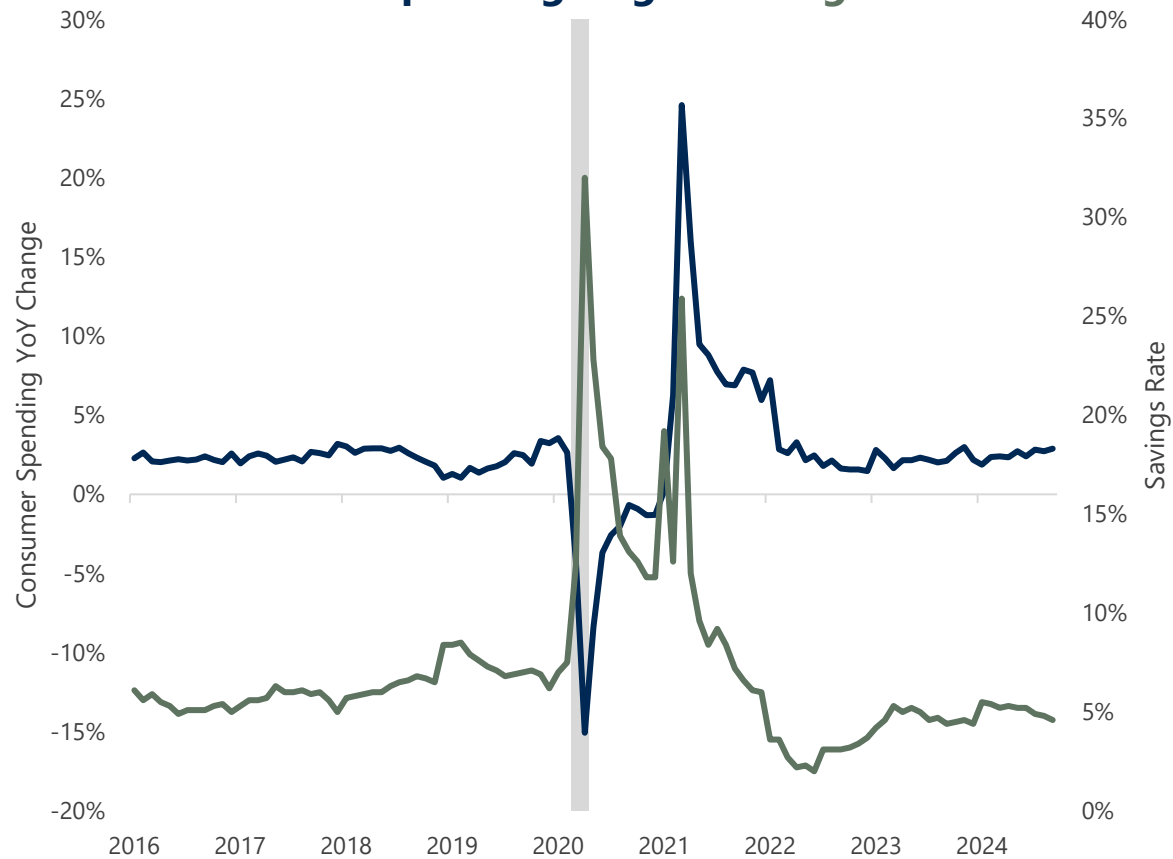


Source: Federal Reserve Economic Database (FRED). Consumer Price Index. Annual CPI Forecasts are made by WJ using past month over month CPI data and extrapolating forward with different growth rates.



# Consumer is Still Strong

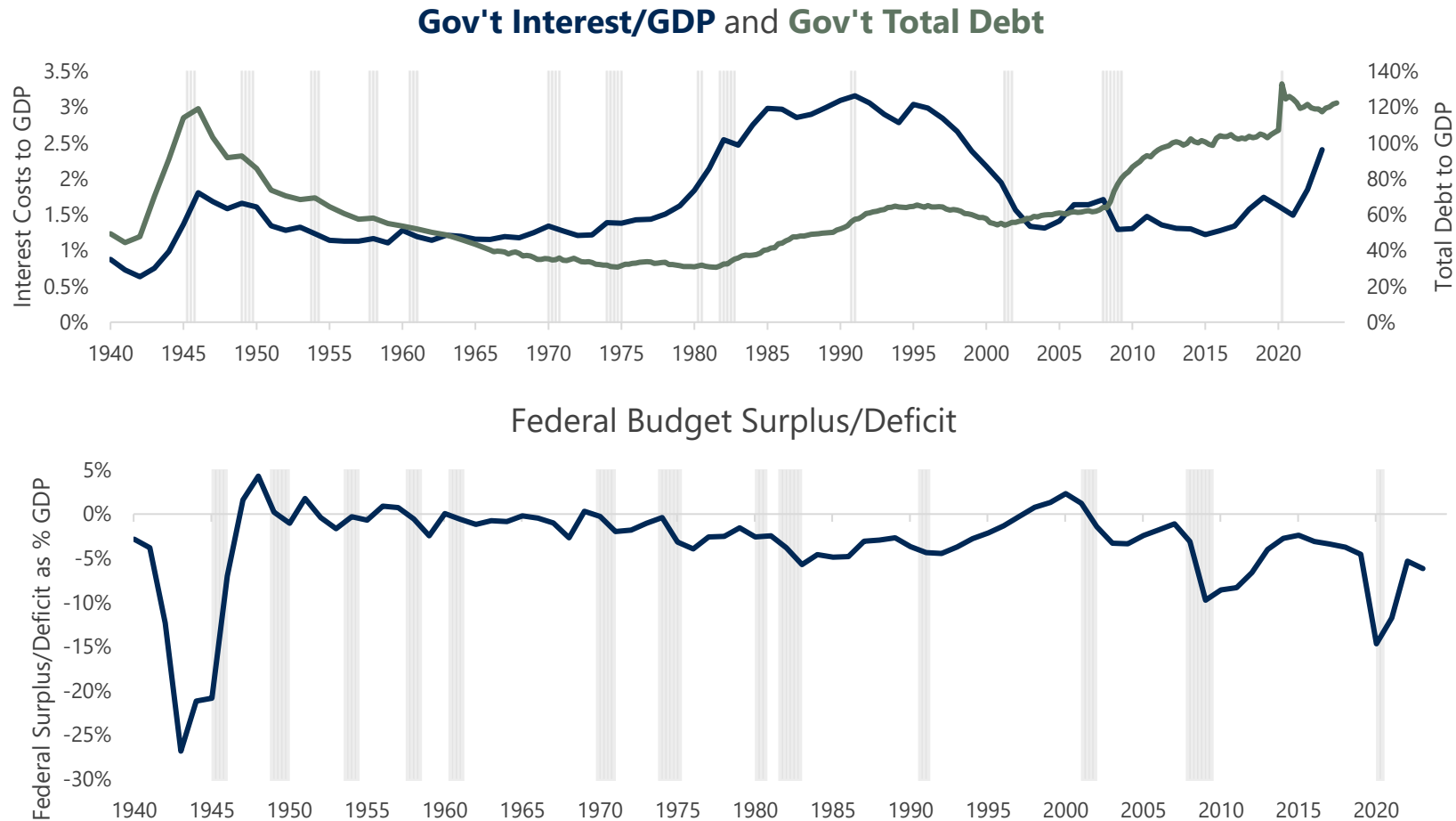
## Consumer Spending Chg vs Savings Rate



## Household Debt Service Payments as % of Income



# Government Budget Deficit Increased

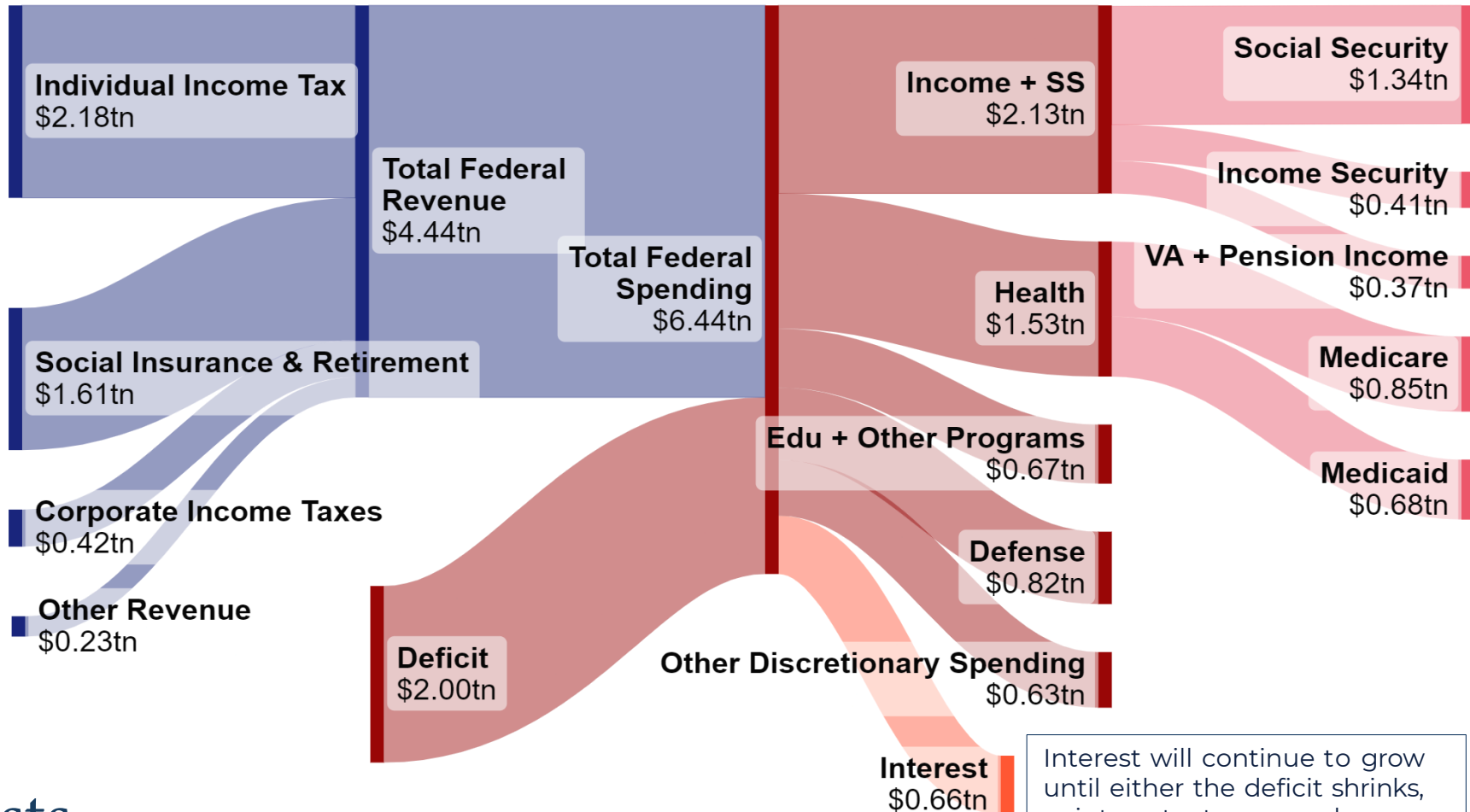


# Government Expenditures 2023

This is an in depth look at how the US makes and spends money. On the spending side, the top 3 categories are known as “mandatory spending” and are unable to change without major reform. That leaves “Defense” and “Other Discretionary Spending” as the two categories congress can change on any year.

Income taxes receipts were lower than budgeted, partly due to a bad 2022 that produced low capital gains taxes.

A major part of “other revenue” the last decade has been Federal Reserve Remittances, Where the Fed pays the Treasury any interest it makes over what it pays. With the Fed Funds Rate high, this income has gone away, but could return if rates went down.

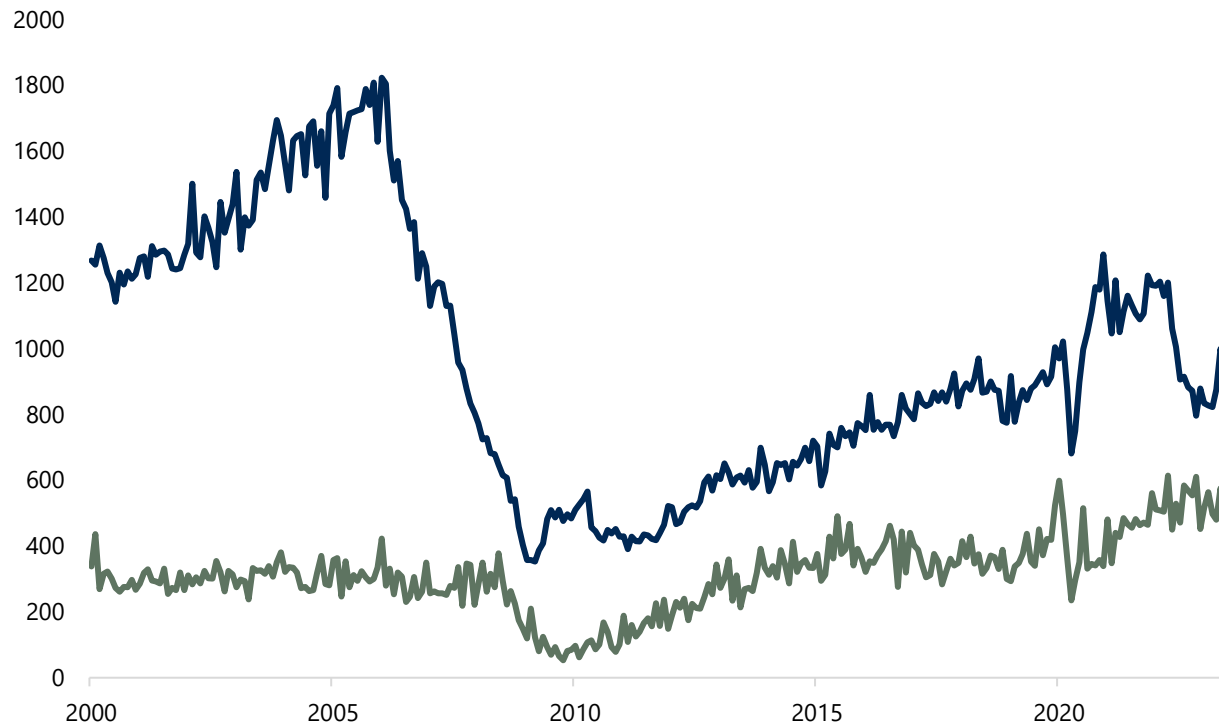


Social Security and Medicare are forecasted to grow rapidly as baby boomers enter retirement. Other programs will fall as a percent of spending.

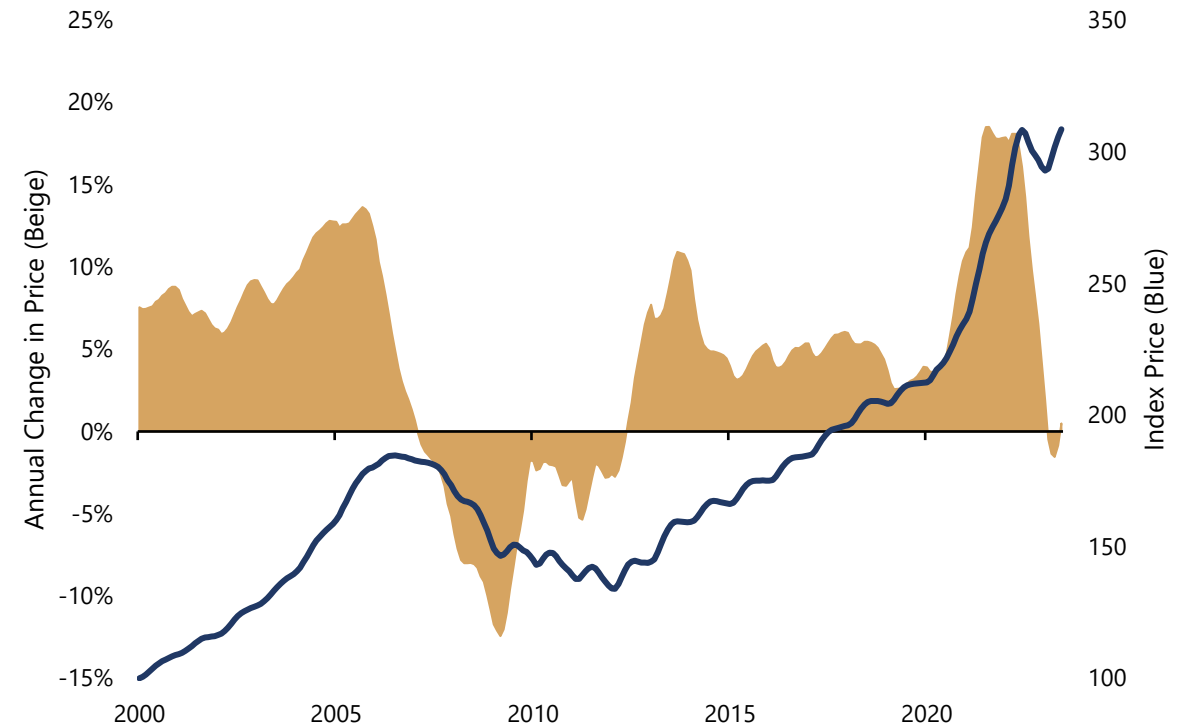
Interest will continue to grow until either the deficit shrinks, or interest rates come down.

# Housing Prices High While Starts Low

Single-Family and Multi-family Housing Starts



U.S. National Home Price Index

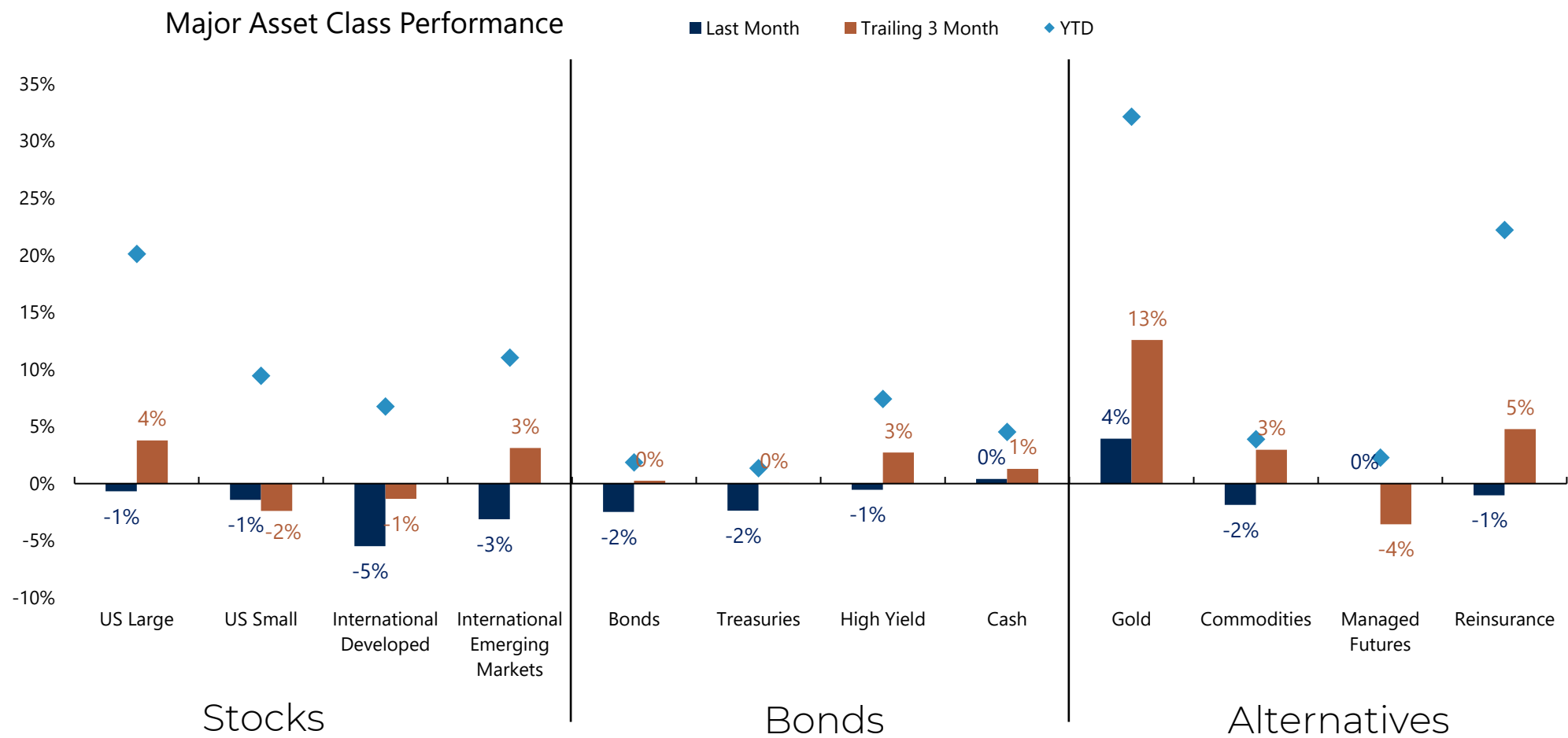


A housing start is the beginning of construction on a new residential housing unit and indicates how much new housing supply is on the horizon. On the right we show home prices over time, as well as the annual rate of change. Prices surged in 2021-2022 but have stopped growing altogether. What they do next will depend on how much pent-up demand there is, and how much housing we build going forward. Note of how significantly starts dropped after the 2008 crisis, and led to the undersupply we have today.

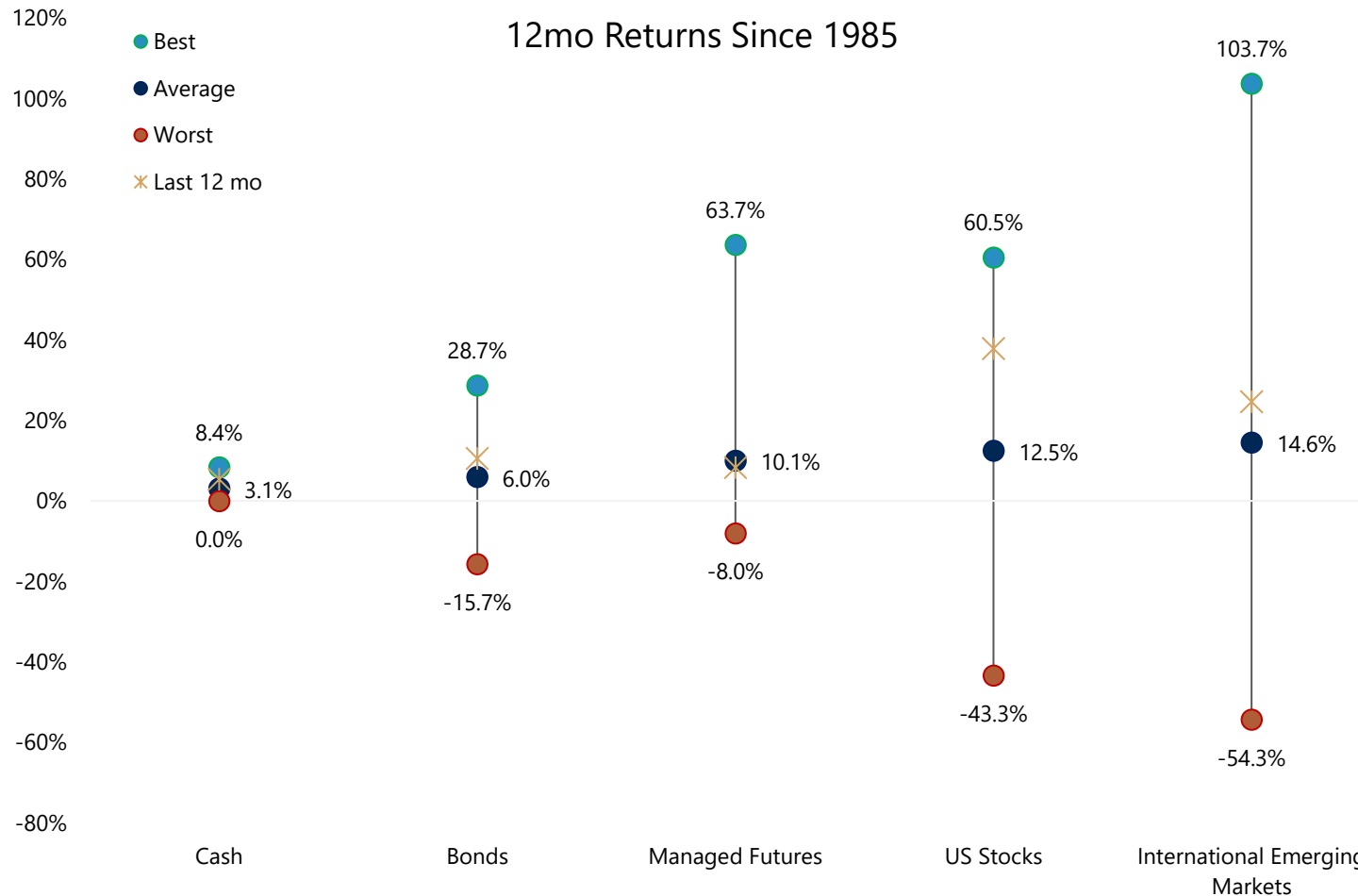
# WJ State of the Markets



# Tough Month For Foreign Stocks and Bonds





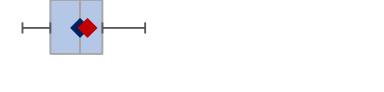
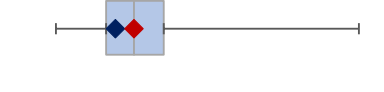


# Historical Asset Class Return Range



This chart shows the range of 12 month returns historically, by asset class. As you'd expect, the riskier investment leads to a greater potential gain, as well as loss.

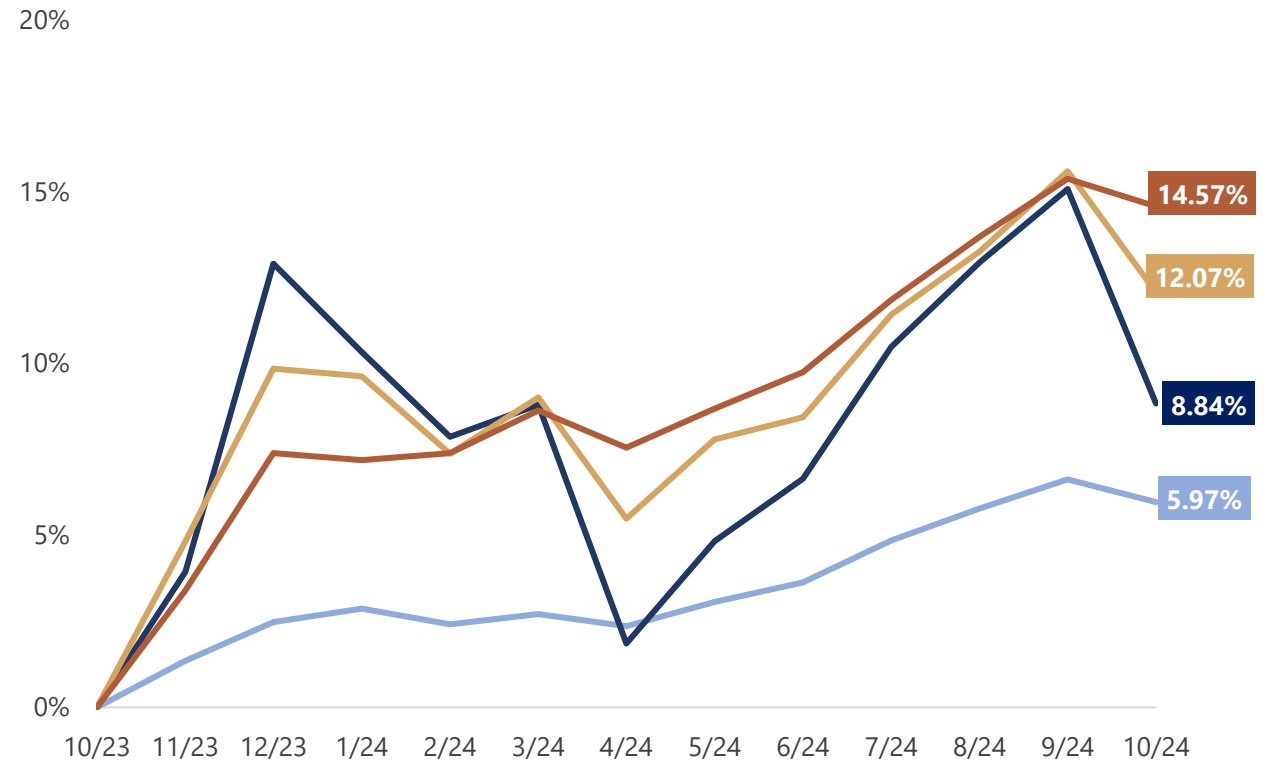
The X on the line represents the last 12 months.

# Tough Month, But great year for Bonds

Bond Type	Yield (%)			Yield History
	Last Month	Last Year	Change	
ST Treasury	4.19	4.76	-0.57	
LT Treasury	4.57	4.62	-0.05	
Investment Grade	5.16	5.6	-0.44	
High-Yield	7.33	8.43	-1.1	
Mortgage-Backed	5.08	5.26	-0.18	
Municipal Bonds	3.66	3.57	0.09	

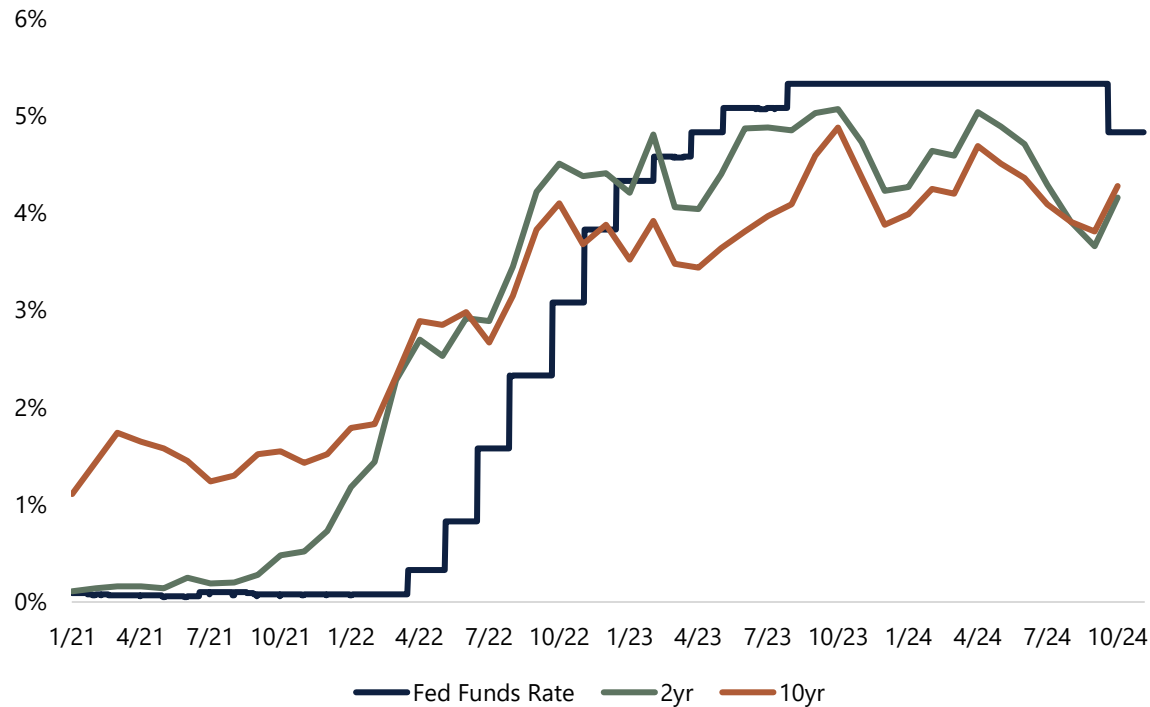
0% 5% 10% 15% 20% 25%

Short vs Long-Term Treasuries and Investment Grade vs Junk Credit

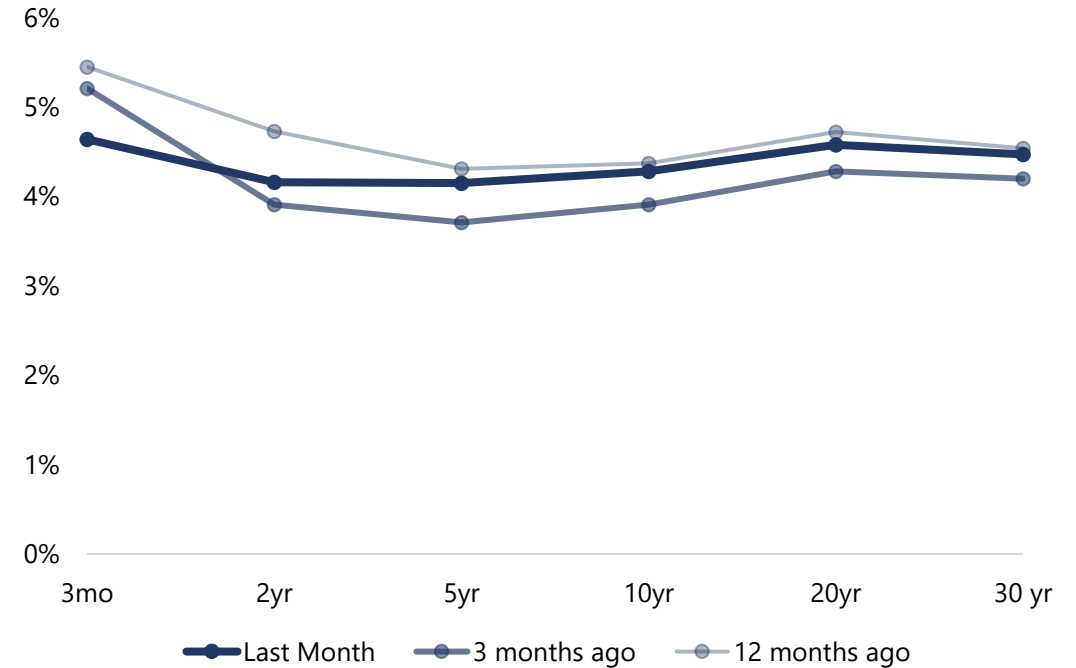


# The Fed Cut 50 Bps, The curve is Un-inverting

Key Treasury Yields



Treasury Yield Curve

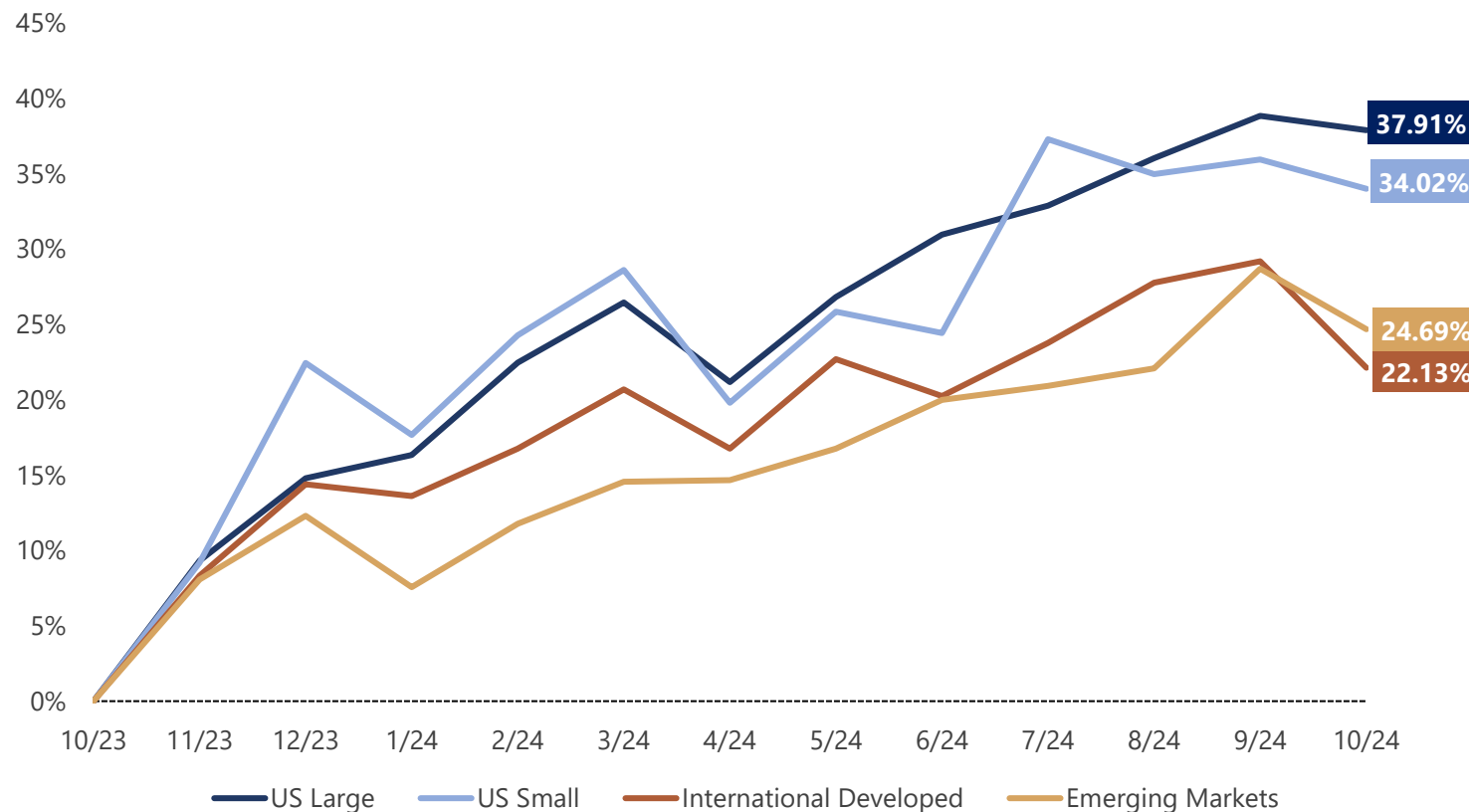


	3mo	2yr	5yr	10yr	20yr	30 yr
Last Month	4.6%	4.2%	4.2%	4.3%	4.6%	4.5%
3 months ago	5.2%	3.9%	3.7%	3.9%	4.3%	4.2%
12 months ago	5.5%	4.7%	4.3%	4.4%	4.7%	4.5%

# Strong Stock Market All Around

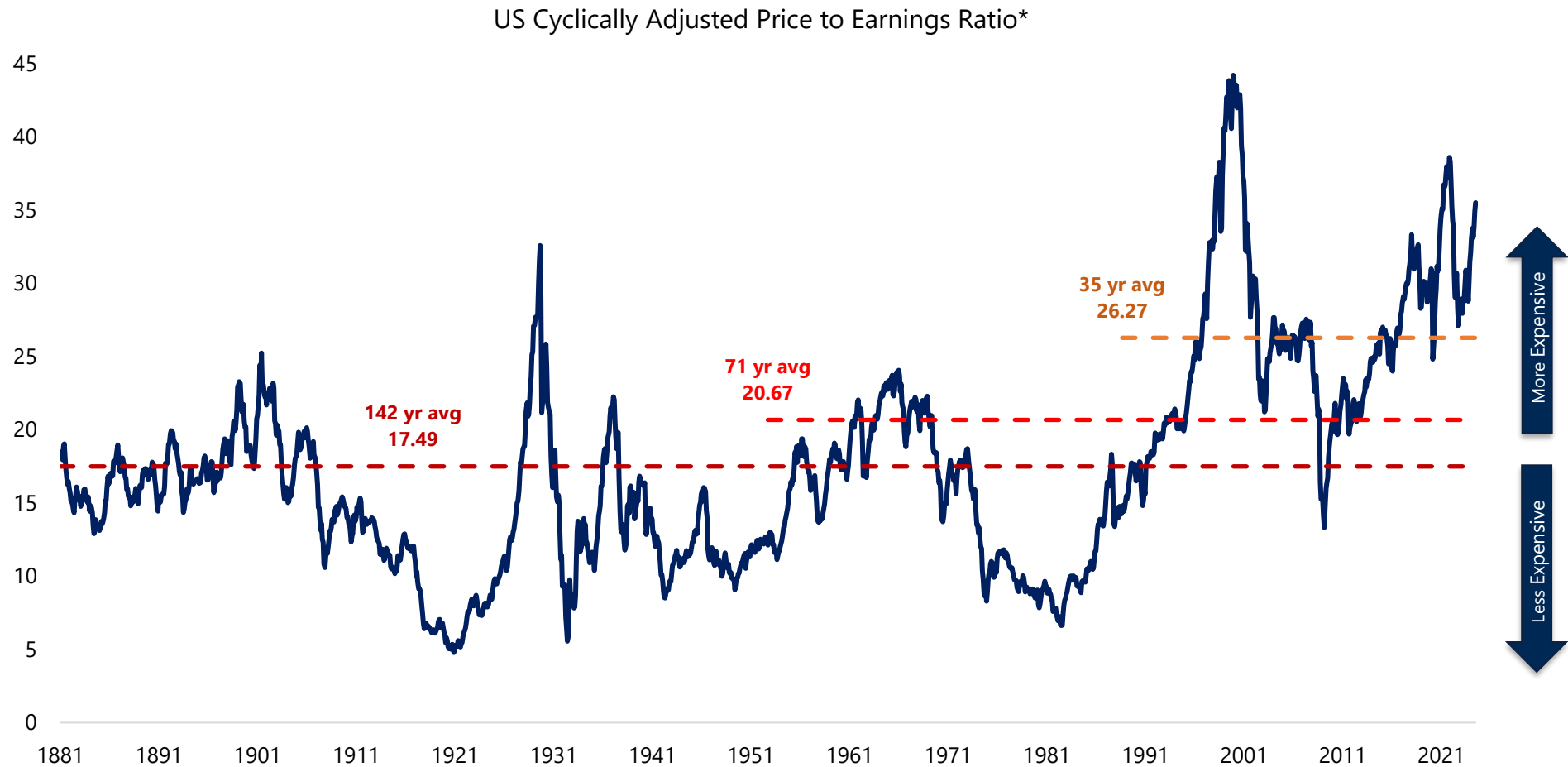
	Stock Type	Last Month	Last 3 Months	Last 12 Months
Core	US Large	2.1%	6.0%	35.5%
	US Small	0.7%	9.2%	26.6%
	International Developed	1.1%	7.4%	25.2%
	International Emerging	5.4%	7.2%	24.2%
Other	US Value	1.4%	9.4%	27.5%
	US Growth	2.8%	3.1%	42.0%
	Nasdaq	2.5%	2.1%	37.2%

US vs International Stock Performance





# US Stocks Valuation High Historically

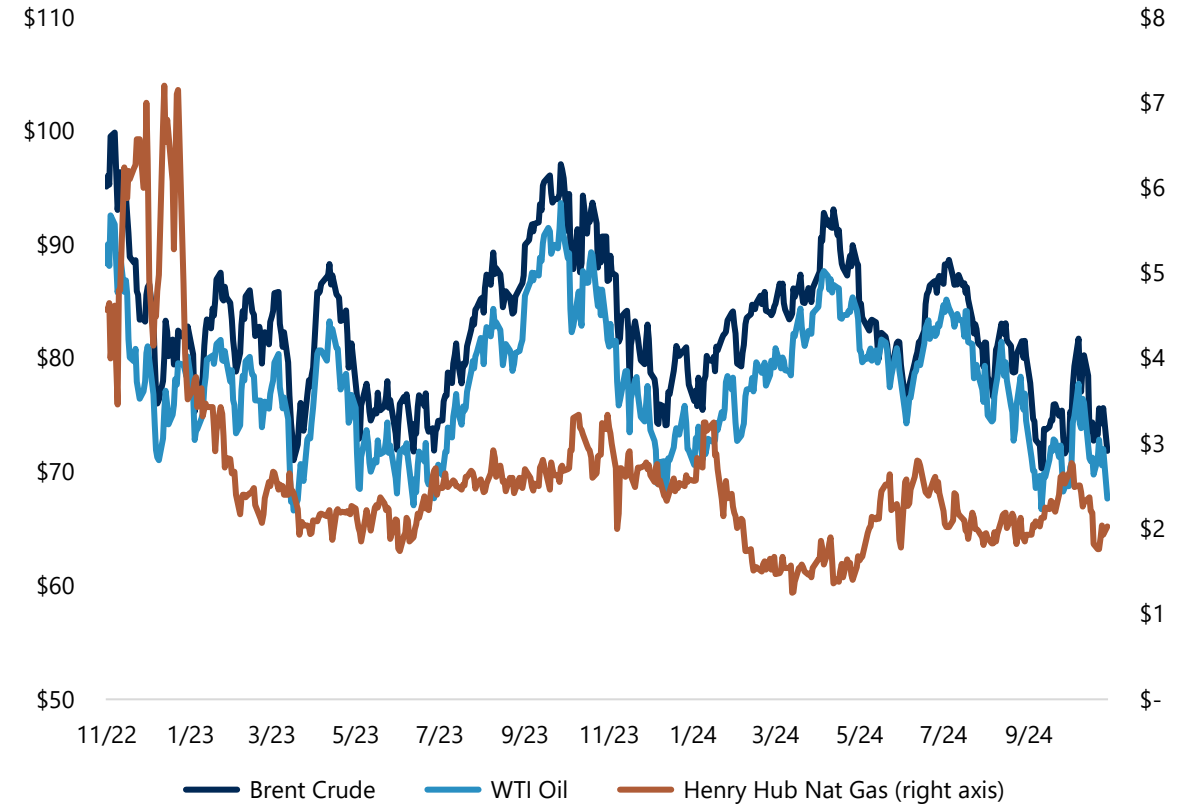


# Oil Continues Downward

Bloomberg Commodity Index



Energy Prices



# Periodic Table of Asset Class Returns



2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD
Trend Following 20%	Reinsurance 8%	US Small Stock 22%	Intl Emerging Stk 37%	Cash 2%	US Large Stock 31%	US Large Stock 21%	US Large Stock 26%	Trend Following 22%	Reinsurance 44%	Reinsurance 22%
US Large Stock 13%	Bonds 2%	US Large Stock 12%	Intl Developed Stk 27%	Bonds 0%	US Small Stock 25%	US Small Stock 20%	US Small Stock 15%	Reinsurance 3%	US Large Stock 26%	US Large Stock 20%
Reinsurance 11%	US Large Stock 1%	Intl Emerging Stk 10%	US Large Stock 22%	US Large Stock -5%	Intl Developed Stk 23%	Intl Emerging Stk 18%	Intl Developed Stk 12%	Cash 2%	Intl Developed Stk 18%	Intl Emerging Stk 11%
Bonds 8%	Cash 0%	Moderate Blended Port 6%	TAA 19%	Moderate Blended Port -8%	TAA 20%	Moderate Blended Port 13%	Moderate Blended Port 11%	Bonds -12%	Moderate Blended Port 17%	Moderate Blended Port 11%
Moderate Blended Port 8%	Intl Developed Stk 0%	Reinsurance 6%	Moderate Blended Port 17%	Reinsurance -6%	Moderate Blended Port 20%	Intl Developed Stk 8%	TAA 10%	TAA -12%	US Small Stock 17%	TAA 10%
US Small Stock 5%	Trend Following 0%	TAA 5%	US Small Stock 15%	TAA -8%	Intl Emerging Stk 18%	Reinsurance 7%	Trend Following 5%	Moderate Blended Port -15%	Intl Emerging Stk 12%	US Small Stock 9%
TAA 5%	Moderate Blended Port 0%	Intl Developed Stk 2%	Bonds 5%	US Small Stock -11%	Bonds 8%	Bonds 7%	Cash 0%	Intl Developed Stk -15%	TAA 12%	Intl Developed Stk 7%
Cash 0%	TAA -4%	Bonds 1%	Trend Following 2%	Trend Following -13%	Trend Following 4%	Trend Following 3%	Bonds -1%	US Large Stock -19%	Bonds 6%	Cash 5%
Intl Emerging Stk -3%	US Small Stock -4%	Cash 0%	Cash 1%	Intl Developed Stk -14%	Cash 2%	Cash 0%	Intl Emerging Stk -1%	Intl Emerging Stk -20%	Cash 5%	Bonds 2%
Intl Developed Stk -5%	Intl Emerging Stk -14%	Trend Following -6%	Reinsurance -11%	Intl Emerging Stk -15%	Reinsurance -4%	TAA -2%	Reinsurance -5%	US Small Stock -20%	Trend Following -3%	Trend Following 0%

Through Last Month End 10/31/2024	
5 Yr	10 Yr
US Large Stock 15%	US Large Stock 13%
Reinsurance 12%	US Small Stock 8%
US Small Stock 8%	Moderate Blended Port 7%
Moderate Blended Port 7%	Intl Developed Stk 5%
Intl Developed Stk 6%	Reinsurance 6%
Intl Emerging Stk 5%	TAA 5%
TAA 4%	Intl Emerging Stk 4%
Trend Following 5%	Trend Following 2%
Cash 2%	Bonds 2%
Bonds 0%	Cash 2%

# Disclaimer

PAST PERFORMANCE IS NOT A GUARANTEE OF CURRENT OR FUTURE RESULTS. Examples of historical information included in this presentation do not, nor are they intended to, constitute a promise of similar future results. Specific client portfolio allocations, risks and returns can and may deviate from these examples depending on accounts and types of investments available through each account. Future market views by WJ Interests, LLC may vary significantly from the historical examples presented herein and no one receiving this summary should assume that WJ Interests, LLC will be able to replicate successful views in the future.

Moderate Blended Portfolio is for illustrative purposes only. It is calculated by taking a weighted average of the following asset classes and represents a moderate risk portfolio incorporating leverage and the asset classes in the table:

28% US Large Stock	iShares Russell 1000 (IWB)
6% US Small Stock	iShares Russell 2000 (IWM)
21% Intl Developed Stock	iShares Core MSCI EAFE (IEFA)
6% Intl Emerging Stock	iShares Core MSCI Emerging Markets (IEMG)
41% Bonds	Vanguard Total Bond Market (BND)
-18% Cash	Morningstar USD 1M Cash TR USD
4% Reinsurance	Stone Ridge Reinsurance Fund (SRRIX)
6% Managed Futures	SG Trend Index, PIMCO Trends (PQTIX), Virtus Alphasimplex (ASFYX), Standpoint (BLNDX)
6% TAA	GMO Benchmark Free (GBMIX) and Strategy Shares Nwfd/Rslv Rbt ETF (ROMO)

Assumes annual rebalancing. All data represents total return for stated period.