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WEALTH MANAGEMENT

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November 2024 Market Review

The Markets (as of market close November 29, 2024)

Stocks posted strong gains for November, which saw the S&P and the Dow have their best months of the year. The gains likely reflected investor optimism that a second Trump administration will favor businesses, with the hope that the President-elect will take a more moderate stance on trade tariffs. All 11 market sectors ended November higher, led by consumer discretionary and financials. Year to date, financials and information technology increased by more than 36.0%.

The latest data showed inflation has stubbornly resisted falling lower. For the 12 months ended in October, the Consumer Price Index (CPI) ticked up 0.2 percentage point to 2.6%, while the annual rate for the personal consumption expenditures (PCE) price index came in at 2.3%, 0.2 percentage point above the rate for the same period ended in September. Over the last three months, inflation has moved away from the Federal Reserve's target of 2.0%, making it less likely that December will see another cut in the fed funds rate.

Growth of the U.S. economy continued at a modest pace. The gross domestic product (GDP) met expectations after increasing 2.8% in the third quarter following a 3.0% increase in the second quarter (see below). Personal consumption expenditures, the largest contributor in the calculation of GDP, rose 3.5%, with spending rising in durable goods and nondurable goods. Government expenditures rose 5.0%, imports grew more than exports, while gross domestic investment increased 1.1%.

Job growth rose by a mere 12,000 in October following a downward revision of 112,000 in the prior two months. The unemployment rate was unchanged at 4.1%, while the number of unemployed increased marginally. Wage growth rose 0.4% in October and 4.0% over the past 12 months. The employment data may have been skewed due to Hurricanes Milton and Helene. As a result, the Fed will likely wait until more information is available before assessing whether the labor sector has suddenly decelerated. The latest unemployment data may encourage tempering the pace of further rate cuts. While new weekly unemployment claims were unchanged from a year ago, total claims paid increased by over 90,000 (see below).

The S&P reported earnings growth of 5.8% in the third quarter. Roughly 75% of companies reported earnings per share above estimates, which is below the five-year average of 77% but equal to the 10-year average. Seven of the 11 sectors reported year-over-year growth, led by the communication services and health care sectors.

The real estate sector reversed course in October from September. Sales of existing homes increased in October after falling in September. New-home sales, which increased in September, plunged in October (see below). Mortgage rates have shown little downward movement, which has impacted sales. According to Freddie Mac, the 30-year fixed-rate mortgage averaged 6.78% as of November 14. That's down from 6.79% one week ago and 7.44% one year ago.

Industrial production retracted for the second consecutive month in October (see below). Manufacturing output and mining decreased, while utilities increased. Purchasing managers reported manufacturing continued to slow in October as new orders decreased for the fourth month running. On the other hand, the services sector grew modestly higher in October.

Ten-year Treasury yields closed the month down by nearly 10.0 basis points as the probability of an interest rate cut in December waned. The two-year note closed November at 4.25%, down 3.0 basis points





Key Dates/Data Releases

- 12/2: S&P Global Manufacturing PMI
- 12/3: JOLTS
- 12/4: S&P Global Services PMI
- 12/5: International trade in goods and services
- 12/6: Employment situation
- 12/11: Consumer Price Index, Treasury statement
- 12/12: Producer Price Index
- 12/13: Import and export prices
- 12/17: Retail sales, industrial production
- 12/18: Housing starts, FOMC meeting statement
- 12/19: GDP, Existing home sales
- 12/20: Personal income and outlays
- 12/26: Durable goods orders, new home sales
- 12/27: International trade in goods

from a month earlier. The dollar strengthened, closing up nearly 2.0%. Gold prices declined in November after hitting a record high in October. Crude oil prices decreased by the end of the month as investors awaited further insights into production plans from OPEC+. The retail price of regular gasoline was \$3.044 per gallon on November 25, \$0.053 below the price a month earlier and \$0.194 less than the price a year ago.

Stock Market Indexes

Market/Index	2023 Close	Prior Month	As of November 29	Monthly Change	YTD Change
DJIA	37,689.54	41,763.46	44,910.65	7.54%	19.16%
NASDAQ	15,011.35	18,095.15	19,218.17	6.21%	28.02%
S&P 500	4,769.83	5,705.45	6,032.38	5.73%	26.47%
Russell 2000	2,027.07	2,196.65	2,434.73	10.84%	20.11%
Global Dow	4,355.28	4,892.56	5,016.35	2.53%	15.18%
fed. funds target rate	5.25%-5.50%	4.75%-5.00%	4.50%-4.75%	-25 bps	-75 bps
10-year Treasuries	3.86%	4.28%	4.17%	-11 bps	31 bps
US Dollar-DXY	101.39	103.89	105.74	1.78%	4.29%
Crude Oil-CL=F	\$71.30	\$70.40	\$68.00	-3.41%	-4.63%
Gold-GC=F	\$2,072.50	\$2,756.30	\$2,657.00	-3.60%	28.20%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark the performance of specific investments.

Latest Economic Reports


- **Employment:** Total employment increased by 12,000 in October, well below the consensus of 125,500 and lower than the 12-month average gain of 194,000. The October estimate followed downward revisions in August and September, which, combined, were 112,000 lower than previously reported. According to the Bureau of Labor Statistics, Hurricanes Helene and Milton affected labor data collection. In October, job gains occurred in health care and government. Temporary help services lost jobs, as did manufacturing, due to strike activity. The unemployment rate for October was unchanged at 4.1% but was 0.3 percentage point above the rate from a year earlier. The number of unemployed persons, at 7.0 million, was 150,000 above the September figure and 541,000 above the October 2023 estimate. The number of long-term unemployed (those jobless for 27 weeks or more) at 1.6 million, was relatively unchanged from the prior month's total and accounted for 22.9% of all unemployed people. The labor force participation rate, at 62.6%, was 0.1 percentage point lower than September's rate, while the employment-population ratio declined 0.2 percentage point to 60.0%. In October, average hourly earnings increased by \$0.13, or 0.4%, to \$35.46. Since October 2023, average hourly earnings rose 4.0%. The average workweek remained at 34.3 hours.
- There were 213,000 initial claims for unemployment insurance for the week ended November 23, 2024. During the same period, the total number of workers receiving unemployment insurance was 1,907,000. A year ago, there were 213,000 initial claims, while the total number of workers receiving unemployment insurance was 1,813,000.
- **FOMC/interest rates:** The Federal Open Market Committee met in November, which resulted in a 25.0-basis-point reduction in the fed funds target rate range to 4.50%-4.75%. The Committee noted that the economy had experienced a solid pace of expansion and inflation progressed toward the Committee's 2.0% objective but remained somewhat elevated. The Committee will remain responsive to economic data in making future policy decisions.
- **GDP/budget:** According to the second estimate from the Bureau of Economic Analysis, the economy, as measured by gross domestic product, accelerated at an annualized rate of 2.8% in the third quarter of 2024. GDP increased 3.0% in the second quarter. Compared to the second quarter, the deceleration in GDP in the third quarter primarily reflected a downturn in private inventory investment (8.3% to 1.1%) and a larger decrease in residential fixed investment (-2.8% to -5.0%). These movements were partly offset by accelerations in exports (1.0% to 7.5%), personal consumption expenditures (2.8% to 3.5%), and federal government spending (4.3% to 8.9%). Imports, which are a negative in the calculation of GDP, accelerated 10.2%. Personal consumption expenditures (2.37%) contributed the most to overall economic growth. Consumer prices, as measured by the PCE price index, increased 1.5%, compared



with an increase of 2.5% in the second quarter. Excluding food and energy prices, the PCE price index increased 2.1%, compared with an increase of 2.8% in the prior quarter.

- October was the first month of fiscal year 2025 for the federal government. In October, the federal budget statement showed a deficit of \$257 billion versus a deficit of \$67 billion a year ago. In October, government receipts totaled \$327 billion, with the majority coming from collection of individual income taxes (\$168 billion) and social insurance and retirement receipts (\$122 billion). Government outlays were \$584 billion, the largest of which came from payments for Social Security (\$125 billion) and national defense (\$103 billion).
- **Inflation/consumer spending:** The PCE price index ticked up 0.2% in October, the same increase as in September. Prices for goods decreased 0.1%, while prices for services rose 0.4%. Food prices were unchanged in October from September, while energy prices decreased 0.1%. Excluding food and energy, the PCE price index increased 0.3% in October. The 12-month PCE price index for October increased 2.3%. Prices excluding food and energy rose 2.8% from one year ago. Also in October, personal income rose 0.6% and disposable (after-tax) personal income increased 0.7%. Personal consumption expenditures, a measure of consumer spending, increased 0.4% in October, down from a 0.6% advance in the previous month.
- The Consumer Price Index rose 0.2% in October, the same increase as in each of the previous three months. Over the 12 months ended in October, the CPI rose 2.6%, up 0.2 percentage point from the 12-month period ended in September. Prices for shelter rose 0.4% in October, accounting for over one-third of the overall monthly increase. In addition to shelter prices, the October CPI also saw prices increase in used cars and trucks, airline fares, medical care, and recreation. Prices for apparel, communication, and household furnishings and operations were among those that decreased over the month. Excluding food and energy (core prices), the CPI rose 0.3% in October, unchanged from September and August. Core prices advanced 3.3% from October 2023.
- The Producer Price Index rose 0.2% in October after ticking up 0.1% (revised) in September. In October, prices for services increased 0.3%, while prices for goods inched up 0.1%. For the 12 months ended in October, producer prices advanced 2.4%. Producer prices less foods, energy, and trade services increased 0.3% in October after moving up 0.1% in September. For the 12 months ended in October, prices for final demand less foods, energy, and trade services rose 3.5%.
- **Housing:** Sales of existing homes rose 3.4% in October after falling 1.0% in September. Existing-home prices increased 2.9% over the past 12 months. According to the National Association of Realtors® (NAR), increasing inventory, additional job gains, and continued economic growth helped drive existing-home sales. Unsold inventory of existing homes in October represented a 4.2-month supply at the current sales pace, down from 4.3 months in September but up from 3.6 months in October 2023. The median existing-home price in October was \$407,200 (\$406,700 in September) and 4.0% above the October 2023 price of \$391,600. Sales of existing single-family homes increased 3.5% in October and 4.1% from a year ago. The median existing single-family home price was \$412,200 in October, up from \$411,400 in September and above the October 2023 estimate of \$396,000.
- New single-family home sales decreased 17.3% in October and were 9.4% lower than the October 2023 rate. The median sales price of new single-family houses sold in October was \$437,300 (\$426,800 in September). The October average sales price was \$545,800 (\$509,900 in September). The inventory of new single-family homes for sale in October represented a supply of 9.5 months at the current sales pace, up from 7.7 months in September.
- **Manufacturing:** Industrial production decreased 0.3% in October after declining 0.5% in the prior month. A strike at a major producer of civilian aircraft held down total growth by an estimated 0.2% in October, and the effects of two hurricanes subtracted an estimated 0.1%. Manufacturing output declined 0.5% in October. Mining output increased 0.3% and utilities rose 0.7%. For the 12 months ended in October, total industrial production moved down 0.3% from its year-earlier level. Over the same period, manufacturing decreased 0.3%, mining declined 1.5%, while utilities advanced 1.5%.
- New orders for durable goods increased 0.2% in October, following two consecutive monthly decreases. Excluding transportation, new orders increased 0.1%. Excluding defense, new orders increased 0.4%. Transportation equipment, down three consecutive months, advanced 0.5%. New orders for nondefense capital goods in October increased 1.4%. New orders for defense capital goods in October declined 4.0%.
- **Imports and exports:** U.S. import prices rose 0.3% in October following a 0.4% decrease in September. The October advance in import prices was the largest monthly increase since April 2024. Prices for import fuel increased 1.5% in October after declining 7.5% in September. Excluding fuel, import prices ticked up 0.2% in October for the second straight month. Import prices edged up 0.8% over the past year. Prices for U.S. exports increased 0.8% in October after declining 0.6% the previous month. The October advance was the largest monthly rise since August 2023. Higher prices for





nonagricultural and agricultural exports in October contributed to the monthly increase. Export prices declined 0.1% over the past year.

- The international trade in goods deficit was \$99.1 billion in October, down 8.8%, or \$9.6 billion, from the September estimate. Exports of goods for October were \$168.7 billion, \$5.6 billion, or 3.2%, less than September exports. Imports of goods for October were \$267.8 billion, \$15.2 billion, or 5.4%, less than September imports.
- The latest information on international trade in goods and services, released November 5, was for September and revealed that the goods and services trade deficit was \$84.4 billion, up 19.2% from the August deficit. September exports were \$267.9 billion, 1.2% lower than August exports. September imports were \$352.3 billion, 3.0% more than August imports. Year to date, the goods and services deficit increased \$69.6 billion, or 11.8%, from the same period in 2023. Exports increased \$784.7 billion, or 3.7%. Imports increased \$154.4 billion, or 5.3%.
- **International markets:** Eurozone inflation in November rose 2.3%, in line with expectations. Lackluster economic growth in Canada dampened hopes for continued monetary policy easing by the Bank of Canada. Third-quarter Canadian GDP grew at an annualized rate of 1.0%, falling short of the central bank's 1.5% projection. As a result, the yield on Canada's 10-year Treasury bond fell to 3.17%, its lowest level in over a month, while the Canadian dollar neared its mid-2020 low. Elsewhere, China's economy grew by 0.9% in the third quarter of 2024. In September, The People's Bank of China introduced the biggest stimulus package for the economy since the pandemic, including significant cuts to interest and mortgage rates. The plans also included help for the struggling stock market and measures to encourage banks to lend more to individuals and businesses. For November, the STOXX Europe 600 Index dipped 0.1%; the United Kingdom's FTSE rose 1.4%; Japan's Nikkei 225 Index gained 0.4%; while China's Shanghai Composite Index increased 1.7%.
- **Consumer confidence:** Consumer confidence rose in November to 111.7, up from 109.6 in October, according to the Conference Board Consumer Confidence Index®. The Present Situation Index, based on consumers' assessment of current business and labor market conditions, increased by 4.8 points to 140.9 in November. The Expectations Index, based on consumers' short-term outlook for income, business, and labor market conditions, ticked up to 92.3 in November, up from 91.9 in October.

Eye on the Month Ahead


The Federal Reserve meets in December for the final time this year. Comments from Fed Chair Jerome Powell and other voting members seem to indicate that there is a slim chance that interest rates will be lowered in December. Recent data has shown relative strength in the economy, and the job market appears to be nearing full employment. However, inflationary pressures, while somewhat muted, continued to inch higher in October and November, which will heighten interest in the inflation indicators released in December.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates).

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The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The Nasdaq Composite Index is a market-value weighted index of all common stocks listed on the Nasdaq stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to





six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.

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