

Market Update – December 2, 2024

The Weekly Briefing

The S&P 500 and Russell 2000 capped off their best month of the year in a holiday-shortened week. Last week the S&P 500 rose 1.1% and the Russell 2000 gained 1.2% as investor enthusiasm for President-Elect Trump's proposed platform of deregulation and tax cuts continued to build. The S&P 500 gained 5.7% in November, the fourth highest return in November of an election year in the index's near 100-year history. Equity returns have been strong throughout the year. If the calendar year were to have ended last Friday, the S&P 500's current year-to-date return would rank in the 91st percentile of all years dating back to 1927.

In a positive turn of events for bond investors, yields took a step back in recent days as Trump's appointment of former hedge fund manager Scott Bessent as Treasury Secretary was looked upon favorably by Wall Street. Bessent spent more than 20 years in various roles managing money for George Soros before leaving to start his own fund. Bessent has been a proponent of tariffs, although prior comments suggest that he views tariffs primarily as a negotiating tool and will likely be more reluctant to enact a wide swath of tariffs than his boss. Bessent is also keenly focused on reducing the federal budget deficit and intends to cut the budget deficit to 3% of GDP by 2028. The emphasis on fiscal austerity is a welcome sign. The deficit is projected to be 6.4% of GDP in 2024 and averaged 6.6% of GDP under Trump's previous term. Following the appointment, Treasury yields fell across the curve – the 2-year fell 22 basis points and the 10-year fell 17 basis points.

On the economic front, the Personal Income and Outlays report was out on Wednesday. This report contains the closely monitored Core PCE Price Index, the Fed's preferred measure of inflation. This measure of the price level rose 0.3% month-over-month in October, inline with expectations and the same rate as September, but slightly above the rate consistent with the Fed's goal for 2% inflation. Core PCE rose 2.8% year-over-year, as expected, but an accelerated rate compared to September. Progress in reducing the year-over-year rate of change in this metric has been bumpy since the low reading of 2.6% in July. The stalled progress underscores the difficult job facing the Fed in the last mile of the journey to return inflation to its 2% target. Proposed tariffs and increased spending from tax cuts under Trump will likely create additional headwinds in the fight against inflation.

In other economic news, New Home Sales in November hit the lowest levels in two years as the recent rise in interest rates took a bite out of buyer enthusiasm. Although November is normally a slow month for housing, demand was especially muted as the average 30-year mortgage rate hit 7.33% in the month, up sharply from the mid-6% rate seen in September. The jobs report headlines the economic calendar for the upcoming week.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
ISM Manufacturing PMI	JOLTS Job Openings	ADP Payrolls ISM Non-Manuf. PMI	Initial Jobless Claims Continuing Claims	Nonfarm Payrolls Unemployment Rate Avg Hourly Earnings
	CRM MRVL OKTA	DLTR	DG KR LULU SMCI	

Market Snapshot

	Last Week	YTD	1yr
S&P 500	1.1%	28.1%	33.1%
DJIA	0.9%	21.2%	26.1%
Nasdaq 100	1.4%	25.3%	31.9%
Russell 2000	1.2%	21.6%	32.5%
S&P 500 E/W	0.3%	20.6%	26.9%
2yr Yield	4.15%	-0.10%	-0.39%
10yr Yield	4.17%	0.29%	-0.03%
VIX	\$ 13.51	1.06	0.88
WTI Crude	\$ 68.00	-5.1%	-8.2%
Gold	\$ 2,643	28.1%	30.2%
Bitcoin	\$ 97,460	133.9%	160.7%

Economic Summary

	Actual	Expected	Prior (r)
New Home Sales	610k	725k	738k
New Home Sales - m/m	-17.3%	-1.8%	7.0%
Initial Jobless Claims	213k	215k	215k
Continuing Claims	1,907k	1,892k	1,898k
Personal Spending - m/m	0.4%	0.4%	0.6%
PCE Price Index - m/m	0.2%	0.2%	0.2%
PCE Price Index - y/y	2.3%	2.3%	2.1%
Core PCE Price Index - m/m	0.3%	0.3%	0.3%
Core PCE Price Index - y/y	2.8%	2.8%	2.7%

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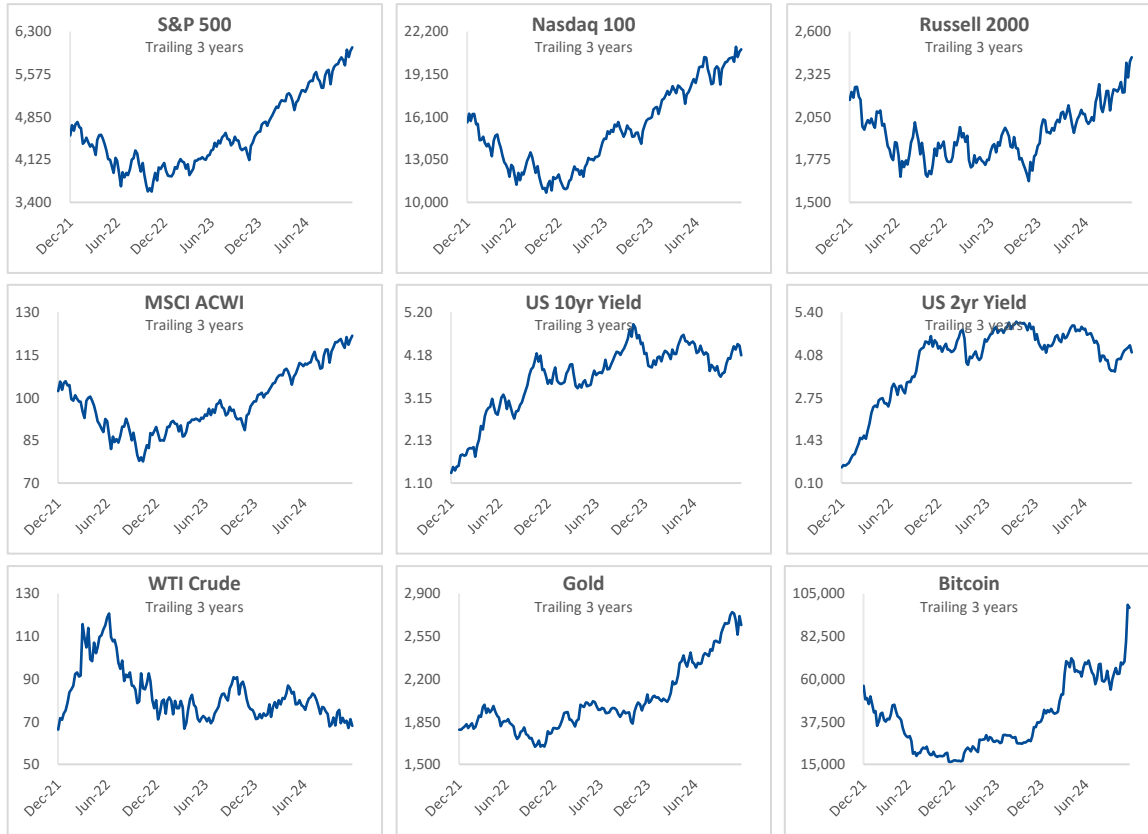
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WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
28.1%	36.6%	25.1%	17.9%
Energy	Financials	Healthcare	Industrials
16.7%	38.1%	9.3%	27.6%
Materials	Real Estate	Technology	Utilities
12.2%	15.0%	22.1%	34.0%

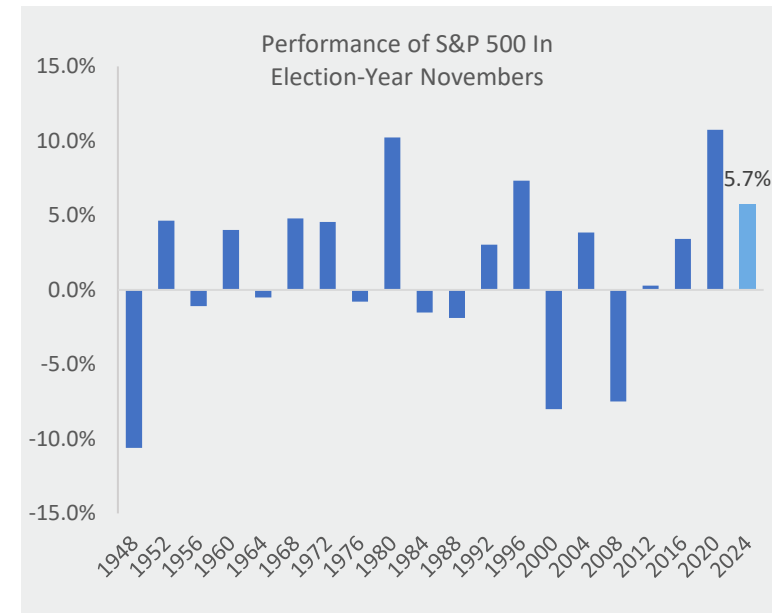
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
25-Nov	BBWI	Beat	Beat	1.8%
	ZM	Beat	Beat	-6.3%
26-Nov	ADI	Beat	Beat	-2.0%
	ADSK	Beat	Beat	-8.6%
	DKS	Beat	Beat	-1.4%
	CRWD	Beat	Miss	-4.6%
	DELL	Miss	Miss	-12.3%
	HPQ	Miss	Beat	-11.4%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	0.6%	20.3%	25.5%
MSCI Europe	1.0%	4.3%	9.3%
MSCI APAC	-0.1%	10.6%	15.9%
DXY Index	106.2	4.8%	2.8%
EUR / USD	\$1.05	-6.0%	-4.7%
GBP / USD	\$1.27	-0.3%	0.5%
USD / JPY	150.4	6.7%	2.2%
USD / CNY	7.25	2.2%	1.5%

The S&P 500 Had One Of Its Best Election-Year Novembers In Its History



As of 11/29/2024

Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.



WEALTH MANAGEMENT

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