

Market Update – November 12, 2024

The Weekly Briefing

The American people decisively elected Donald Trump as the 47th President of the United States. Down the ballot, the Republican Party regained control of the Senate, and although some House races have yet to be officially determined, a Republican trifecta appears to be the most likely outcome.

Risk assets cheered the outcome of the election – the following day the S&P 500 rose 2.5%, the Nasdaq 100 gained 2.7%, the Russell 2000 jumped 5.8%, and Bitcoin set a new all time high. Bond yields rose across the curve as traders contemplated the impact of Trump's proposed policies on economic growth, inflation, and the deficit. Although Trump has yet to clearly outline his economic plan, reducing taxes and imposing tariffs appear to top his priority list. Markets will look to gain clarity on prospective policies in the weeks leading up to Inauguration Day.

Last week also included an FOMC meeting in which officials unanimously voted to lower the benchmark interest rate 25 basis points to a lower bound of 4.50%. Fed Chair Jerome Powell continued to emphasize the Committee's attentiveness to both the labor market and the price level. Powell commented that the economy continues to expand at a solid pace, despite weakness in the housing sector, and that the labor market has cooled but remains healthy. Powell also noted that inflation, defined as the core PCE price index, has moved closer to the 2% target, but remains somewhat elevated. Progress in reducing the year-over-year rate of change in this measure of inflation has stalled in recent months. Core PCE has been in the 2.6-2.7% range for the last 5 months. Given minimal recent progress on inflation and the still healthy labor market, the Fed will likely proceed more slowly with future interest rate reductions than previously projected.

As such, market participants have scaled back rate cut expectations in recent weeks. At the end of September, futures traders expected the Fed Funds Rate to end 2025 around 3.00%. As of Friday, the market-implied consensus was for the benchmark interest rate to end next year around 3.75%.

Uncertain fiscal policy further clouds the outlook for rates. Monetary policy, implemented by the Federal Reserve, and fiscal policy, enacted by Congress, are two significant, and independent, factors that influence the economy. Occasionally these two forces are aligned – simultaneously stimulative or restrictive. Although still undefined, the policies that President-Elect Trump has floated appear stimulative. Fed officials will weigh any potential fiscal impact on inflation and economic growth when determining the correct monetary approach.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
MNDY	HD ONON SHOP SE SPOT PLUG	CPI CSCO	Jobless Claims PPI AAP AMAT DIS POST	Industrial Production Retail Sales BABA

Market Snapshot

	Last Week	YTD	1yr
S&P 500	4.7%	27.2%	39.9%
DJIA	4.6%	18.5%	32.3%
Nasdaq 100	5.4%	26.4%	40.2%
Russell 2000	8.6%	19.7%	44.3%
S&P 500 E/W	4.3%	18.3%	34.7%
2yr Yield	4.25%	0.00%	-0.81%
10yr Yield	4.30%	0.43%	-0.35%
VIX	15.0	2.5	0.8
WTI Crude	\$70.4	-1.8%	-8.8%
Gold	\$2,685	30.1%	37.9%
Bitcoin	\$76,530	82.5%	105.8%

Economic Summary

	Actual	Expected	Prior (r)
Factory Orders	0.5%	-0.5%	-0.8%
ISM Services PMI	56.0%	53.8%	54.9%
Initial Jobless Claims	221k	222k	218k
Continuing Claims	1,892k	1,873k	1,853k
Umich Consumer Sentiment	73.0%	71.0%	7050.0%

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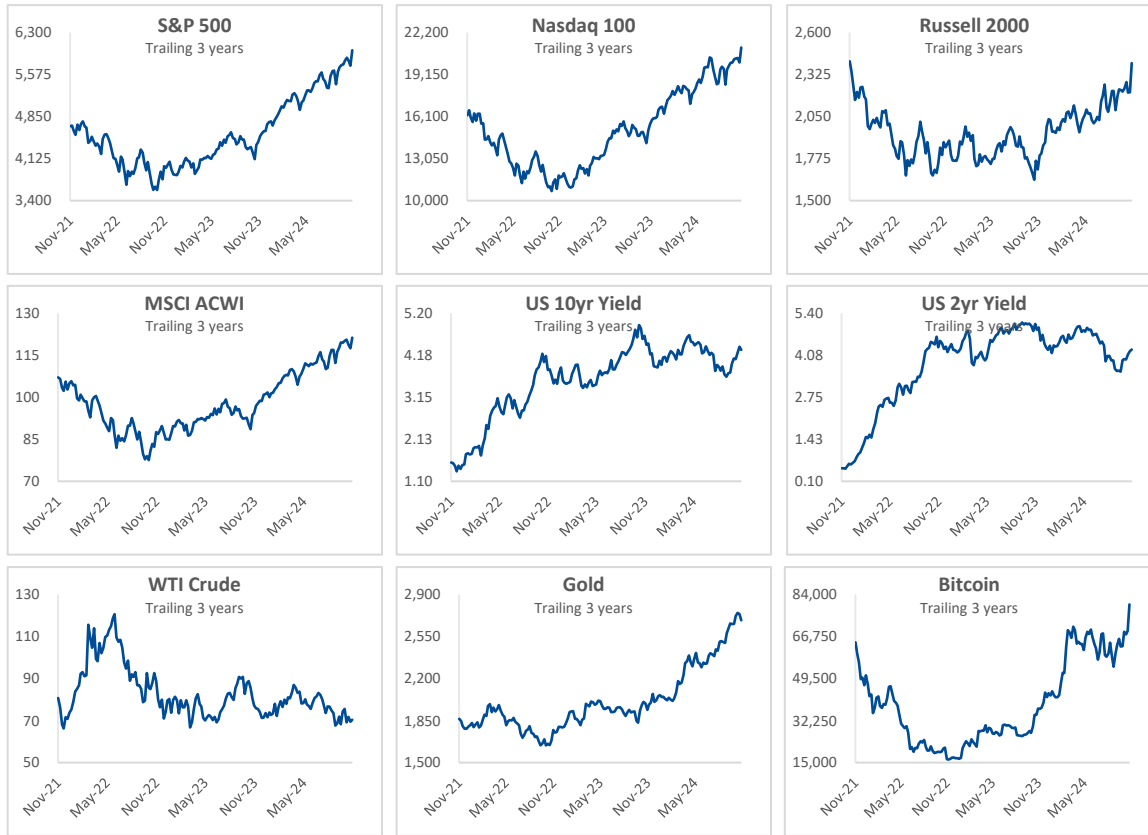
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WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
27.3%	34.2%	23.5%	14.1%
Energy	Financials	Healthcare	Industrials
15.2%	34.2%	10.7%	26.8%
Materials	Real Estate	Technology	Utilities
11.4%	11.3%	23.2%	28.3%

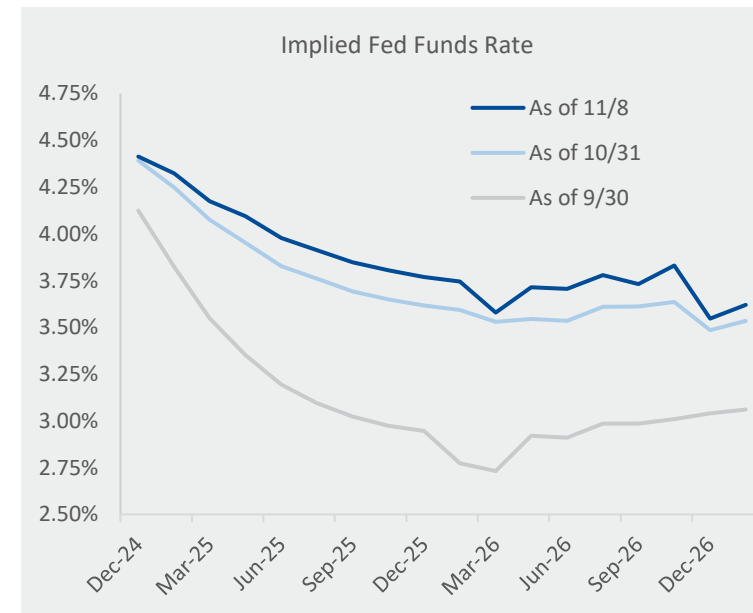
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
4-Nov	MAR	Miss	Miss	-1.6%
	PLTR	Beat	Beat	23.5%
5-Nov	CMI	Beat	Beat	8.9%
	EMR	Beat	Beat	7.2%
6-Nov	QCOM	Beat	Beat	-0.1%
7-Nov	ABNB	Miss	Beat	-8.7%
	EOG	Beat	Beat	6.1%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	3.4%	20.3%	31.6%
MSCI Europe	-1.7%	5.5%	18.0%
MSCI APAC	0.8%	13.1%	23.2%
DXY Index	105.5	4.2%	-0.3%
EUR / USD	\$1.07	-4.8%	-1.9%
GBP / USD	\$1.29	1.1%	4.8%
USD / JPY	153.6	8.9%	1.2%
USD / CNY	7.22	1.6%	-1.0%

Markets Have Pulled Back Rate Cut Expectations in Recent Weeks



Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.



WEALTH MANAGEMENT

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