



WEEK OF NOVEMBER 11, 2024

# Market Update

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Service sector confidence reached a two-year high in October. Small-caps led the way in a post-election, risk-on rally. It will be another busy week; we expect data on the economy, inflation, retail sales, and industrial production.

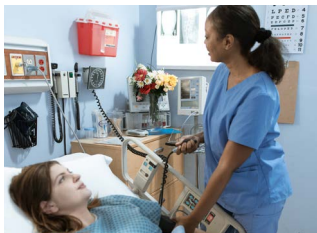
## Quick Hits

- 1. Report releases:** Service sector confidence reached a two-year high in October.
- 2. Financial market data:** Small-caps led the way in a post-election, risk-on rally.
- 3. Looking ahead:** This week will be another busy one, with data expected on the economy, inflation, retail sales, and industrial production.



Report Releases: November 4–8, 2024

<b>U.S. Trade Balance</b> September (Tuesday)	The U.S. trade balance fell \$14 billion to –\$84.4 billion in September. Civilian aircraft shipments and pharmaceutical prep exports drove the shift.
<b>Institute for Supply Management (ISM) Services Index</b> October (Tuesday)	Service sector confidence improved more than expected for the second consecutive month, leaving the index at a two-year high. <ul style="list-style-type: none"><li>• Expected/prior ISM Services index: 53.8/54.9</li><li>• Actual ISM Services index: 56.0</li></ul>
<b>Federal Open Market Committee (FOMC) Rate Decision</b> November (Thursday)	The Federal Reserve (Fed) cut the range of the federal funds rate by 25 basis points (bps), which was in line with economist and market forecasts. <ul style="list-style-type: none"><li>• Expected/prior federal funds rate upper limit: 4.75%/5.00%</li><li>• Actual federal funds rate upper limit: 4.75%</li></ul>
<b>University of Michigan Consumer Sentiment Survey</b> November (Friday)	Consumer sentiment improved more than expected in November. Consumer expectations for future economic conditions increased notably. <ul style="list-style-type: none"><li>• Expected/prior month consumer sentiment survey: 71.0/70.5</li><li>• Actual consumer sentiment survey: 73.0</li></ul>



>> The Takeaway

- The Fed voted unanimously to cut rates another 25 bps.
- Service sector and consumer confidence showed signs of improvement.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	4.69%	5.12%	27.15%	38.77%
Nasdaq Composite	5.76%	6.61%	29.26%	42.44%
DJIA	4.61%	5.33%	18.50%	31.49%
MSCI EAFE	0.08%	0.22%	7.66%	19.61%
MSCI Emerging Markets	1.22%	1.47%	13.76%	21.99%
Russell 2000	8.61%	9.27%	19.72%	42.01%

Source: Bloomberg, as of November 8, 2024

The market took a risk-on stance as hedging and concerns surrounding the election alleviated. The CBOE Volatility Index (VIX), commonly known as the market’s fear gauge, fell from 21.88 to 14.94 to close out the week. As a result, equities rose dramatically; small-caps led the way, rising more than 8.6 percent. Consumer discretionary, energy, industrials, and financials were among the top sectors amid the belief that potentially lower levels of regulation lie ahead. Bond proxies in consumer staples, utilities, and materials were the weakest sectors.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	−0.99%	2.20%	8.02%
U.S. Treasury	−1.09%	1.37%	6.04%
U.S. Mortgages	−1.22%	2.11%	8.46%
Municipal Bond	−0.61%	1.33%	7.35%

Source: Bloomberg, as of November 8, 2024

Bond yields rose dramatically after the election, with the 10-year Treasury yield hitting a high of 4.43 percent on Wednesday before closing the week at 4.31 percent. The yield curve further inverted, with short-term rates lifting on potential fiscal support via deregulation. The back end of the curve moved lower, with the 30-year falling 8 bps.

>> The Takeaway

- Small-cap stocks led the way amid speculation of support via tariffs and deregulation.
- The yield curve brushed off its initial spike.

## Looking Ahead

This week will be another busy one, with data expected on the economy, inflation, retail sales, and industrial production.

- On Wednesday, the **Consumer Price Index** for October will be released. Year-over-year consumer inflation is expected to rise to 2.6 percent in October; core inflation is set to remain unchanged at 3.3 percent.
- The **Producer Price Index** for October will be released on Thursday. Producer inflation is set to rise modestly; economists expect to see a 0.2 percent rise in prices.
- Finally, on Friday, we expect **retail sales and industrial production data** for October. Headline and core retail sales are set to improve. Industrial production is expected to fall modestly, due in part to weather-related disruptions.







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Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. The Nasdaq Composite Index

measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent. One basis point (bp) is equal to 1/100th of 1 percent, or 0.01 percent.

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