WEEKLY MARKET UPDATE | NOVEMBER 1, 2024

# Taking stock of mega caps and the labor market.

**The economy**

- Major U.S. equity market indexes moved lower during the week ending November 1, in response to disappointing business outlooks from several mega-cap tech companies. This offset investors' confidence that weaker-than-expected employment data will lead the Federal Reserve (Fed) to implement another interest-rate cut at its meeting next week.
- The Department of Labor reported that U.S. payrolls expanded by just 12,000 jobs in October—a notable decrease from the 223,000 positions added in September. The unemployment rate was unchanged at 4.1%. October's sharp decline in employment was attributable in part to the impact of hurricanes in North Carolina and Florida, as significant property damage left some residents temporarily unable to work. Within the professional and business services sector, employment in temporary help services fell by 49,000 in October. The manufacturing sector lost 46,000 jobs during the month due mainly to a labor strike at aircraft manufacturer Boeing Co. Conversely, employment in the health care and government sectors increased by 52,000 and 40,000 positions, respectively, over the month. Average hourly earnings rose 0.4% in October and increased 4.0% year-over-year. The 12-month advance matched the annual rise in September.
- According to the initial estimate from the Department of Commerce, U.S. gross domestic product (GDP) grew at an annualized rate of 2.8% in the third quarter of 2024—down modestly from the 3.0% increase in the second quarter of the year. The largest contributors to GDP growth for the third quarter included consumer spending, exports (which are added to the calculation of GDP), and federal government spending. Imports (which are subtracted from the calculation of GDP) increased over the quarter. The government attributed the modestly lower GDP growth rate to downturns in private inventory investment (a measure of the changes in values of inventories from one time period to the next) and residential fixed investment (purchases of private residential structures and residential equipment that property owners use for rentals), as well as the increase in imports. There were upturns in exports, consumer spending, and federal government spending.
- The Department of Commerce reported that the personal-consumption-expenditures (PCE) price index advanced 0.2% in September, matching the 0.2% rise in August. The index's annual upturn of 2.1% was down from the 2.3% increase in August, and was in line with the market's expectations. The PCE price index, widely considered the Fed's preferred inflation reading, measures the prices that consumers pay for goods and services to reveal underlying inflation trends. Food prices increased 0.4% and 1.2% in September and over the previous 12 months, respectively. Prices for energy goods and services declined 2.0% in September and 8.1% year over year. The core PCE price index, which excludes volatile food and energy prices, rose 0.3% in September, up from the 0.1% uptick in August. The year-over-year advance of 2.7% matched the reading in August.

**Stocks**

- Global equities declined during the week. Developed markets modestly outperformed emerging markets.
- U.S. stocks recorded negative returns for the week. Communication services and consumer discretionary were the top-performing sectors, while information technology and real estate were the primary market laggards.
- Value stocks led growth, while small caps outperformed large caps.

**Bonds**

- The 10-year U.S. Treasury note yield rose to 4.38% over the week.
- Global bond markets declined during the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

| The Numbers as of November 1, 2024 | 1 Week | YTD | 1 Year | Friday's Close |
|---|---|---|---|---|
| **Global Equity Indexes** | | | | |
| MSCI ACWI ($) | -1.6% | 14.5% | 27.1% | 832.3 |
| MSCI EAFE ($) | -1.2% | 4.3% | 16.3% | 2332.9 |
| MSCI Emerging Mkts ($) | -1.4% | 9.4% | 20.3% | 1119.5 |
| **US & Canadian Equities** | | | | |
| Dow Jones Industrials ($) | -0.1% | 11.6% | 24.3% | 42052.2 |
| S&P 500 ($) | -1.4% | 20.1% | 32.7% | 5728.8 |
| NASDAQ ($) | -1.5% | 21.5% | 37.2% | 18239.9 |
| S&P/ TSX Composite (C$) | -0.9% | 15.7% | 23.6% | 24255.2 |
| **UK & European Equities** | | | | |
| FTSE All-Share (£) | -1.0% | 5.5% | 10.7% | 4465.6 |
| MSCI Europe ex UK (€) | -2.4% | 5.4% | 13.3% | 1774.8 |
| **Asian Equities** | | | | |
| Topix (¥) | 1.0% | 11.7% | 13.9% | 2644.3 |
| Hong Kong Hang Seng ($) | -0.4% | 20.3% | 19.0% | 20506.4 |
| MSCI Asia Pac. Ex-Japan ($) | -1.5% | 11.6% | 23.1% | 590.4 |
| **Latin American Equities** | | | | |
| MSCI EMF Latin America ($) | -2.2% | -20.4% | -6.3% | 2120.3 |
| Mexican Bolsa (peso) | -2.3% | -11.8% | 1.6% | 50607.1 |
| Brazilian Bovespa (real) | -1.4% | -4.5% | 11.4% | 128116.7 |
| **Commodities ($)** | | | | |
| West Texas Intermediate Spot | -3.8% | -3.3% | -16.0% | 69.3 |
| Gold Spot Price | -0.1% | 32.4% | 37.8% | 2736.4 |
| **Global Bond Indices ($)** | | | | |
| Bloomberg Global Aggregate ($) | -0.3% | 0.1% | 8.2% | 472.0 |
| JPMorgan Emerging Mkt Bond | -0.2% | 6.1% | 15.6% | 900.1 |
| **10-Year Yield Change (basis points*)** | | | | |
| US Treasury | 14 | 50 | -28 | 4.38% |
| UK Gilt | 21 | 91 | 6 | 4.44% |
| German Bund | 11 | 38 | -31 | 2.40% |
| Japan Govt Bond | -1 | 34 | 2 | 0.95% |
| Canada Govt Bond | 3 | 18 | -56 | 3.29% |
| **Currency Returns**** | | | | |
| US$ per euro | 0.3% | -1.9% | 2.0% | 1.083 |
| Yen per US$ | 0.5% | 8.5% | 1.7% | 153.04 |
| US$ per £ | -0.3% | 1.5% | 5.9% | 1.292 |
| C$ per US$ | 0.5% | 5.4% | 1.6% | 1.396 |

Source: Bloomberg. Equity-index returns are price only, others are total returns.
*100 basis points = 1 percentage point.
**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

## Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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