WEEKLY MARKET UPDATE | NOVEMBER 8, 2024

Trump wins, Fed cuts, stocks soar.

The economy

- U.S. stocks rose sharply during the week ending November 8, in response to former President Donald Trump's victory in the U.S. presidential election. Trump, a Republican, defeated his Democratic Party opponent, Vice President Kamala Harris, winning majorities in both the Electoral College and the popular vote. The president-elect ran on a populist platform focused on illegal immigration, crime, tariffs, and tax cuts. Investors expressed optimism that the new administration's proposed tax cuts and loosening of regulations will boost economic growth. All three major U.S. equity market indexes reached record highs during the week.
- As widely anticipated, the Federal Open Market Committee (FOMC) voted to reduce the federal-funds rate by 25 basis points (0.25%) to a range of 4.50% to 4.75% following its meeting on Wednesday and Thursday. The central bank had begun its rate-cutting cycle with a 50-basis-point reduction in mid-September. In a statement announcing the rate decision, the FOMC commented that "labor market conditions have generally eased, and the unemployment rate has moved up but remains low. Inflation has made progress toward the Committee's 2 percent objective but remains somewhat elevated. The Committee judges that the risks to achieving its employment and inflation goals are roughly in balance."
- At a news conference following the FOMC meeting on Thursday, Federal Reserve (Fed) Chair Jerome Powell commented that, in the near term, the presidential election will have no impact on the Fed's monetary policy decisions. "We don't know what the timing and substance of any policy changes will be," he said. "We therefore don't know what the effects on the economy would be—specifically whether and to what extent those policies would matter for the achievement of our goals [of maximum employment and price stability]." However, Powell acknowledged that the economy could be affected by any presidential administration's policies or federal legislation.
- According to the Department of Labor, initial unemployment insurance (UI) claims, a barometer of the health of the labor market, increased by 3,000 to 221,000 during the week ending November 2. The total was modestly higher than the 216,000 claims filed during the same week in 2023. The four-week moving average of initial claims fell 9,750 week-over-week to 227,250, but was up 15,500 from the four-week average of 211,750 a year earlier.
- The ongoing rise in interest rates has softened demand for mortgages. The Mortgage Bankers Association (MBA) reported that mortgage applications in the U.S. declined 10.8% during the week ending November 1, compared to the previous seven-day period. The MBA's Refinance Index fell 19.0% for the week but surged 48.0% over the previous 12-month period. The Purchase Index was down 7.0% for the week, but increased 2.0% year-over-year. According to the Federal Home Loan Mortgage Corporation (Freddie Mac), the average interest rate on a 30-year fixed-rate mortgage rose 7 basis points to 6.79% during the week ending November 7—the sixth consecutive weekly increase—up from the two-year low of 6.08% on September 26 of this year, but one percentage point below the peak of 7.79% recorded on October 26, 2023.

Stocks

- Global equities advanced during the week. Developed markets outperformed emerging markets.
- U.S. stocks posted gains for the week. Consumer discretionary and energy were the top-performing sectors, while utilities and consumer staples were the primary market laggards.
- Growth stocks led value, while small caps outperformed large caps.

Bonds

- The 10-year U.S. Treasury note yield dipped to 4.30% over the week.
- Global bond markets gained ground during the week.
- Corporate bonds led the markets, followed by high-yield bonds and government bonds.

The Numbers as of November 8, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	3.3%	18.7%	30.2%	862.6
MSCI EAFE ($)	0.8%	5.3%	15.6%	2354.1
MSCI Emerging Mkts ($)	1.6%	11.4%	19.3%	1140.5
US & Canadian Equities				
Dow Jones Industrials ($)	4.6%	16.7%	29.8%	43989.0
S&P 500 ($)	4.7%	25.7%	37.9%	5995.5
NASDAQ ($)	5.7%	28.5%	42.6%	19286.8
S&P/ TSX Composite (C$)	2.1%	18.1%	26.4%	24759.4
UK & European Equities				
FTSE All-Share (£)	-1.1%	4.4%	9.2%	4417.8
MSCI Europe ex UK (€)	-0.5%	5.9%	12.7%	1783.7
Asian Equities				
Topix (¥)	3.7%	15.9%	17.4%	2742.2
Hong Kong Hang Seng ($)	1.1%	21.6%	18.4%	20728.2
MSCI Asia Pac. Ex-Japan ($)	1.8%	14.0%	22.5%	602.8
Latin American Equities				
MSCI EMF Latin America ($)	3.9%	-18.4%	-7.6%	2171.5
Mexican Bolsa (peso)	2.5%	-9.6%	1.6%	51905.9
Brazilian Bovespa (real)	-0.2%	-4.7%	7.5%	127906.9
Commodities ($)				
West Texas Intermediate Spot	4.1%	1.0%	-4.5%	72.4
Gold Spot Price	-1.8%	30.1%	37.0%	2688.0
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.2%	0.0%	7.2%	471.5
JPMorgan Emerging Mkt Bond	0.6%	6.4%	15.4%	903.0
10-Year Yield Change (basis points*)				
US Treasury	-8	42	-33	4.30%
UK Gilt	-1	90	16	4.43%
German Bund	-4	34	-28	2.37%
Japan Govt Bond	6	40	17	1.01%
Canada Govt Bond	-11	7	-67	3.18%
Currency Returns**				
US$ per euro	-1.0%	-2.9%	0.5%	1.072
Yen per US$	-0.4%	8.1%	0.7%	152.44
US$ per £	0.0%	1.5%	5.7%	1.292
C$ per US$	-0.3%	5.0%	0.7%	1.391

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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