WEEKLY MARKET UPDATE | NOVEMBER 15, 2024

Inflation fears temper post-election rally.

The economy

- U.S. stocks finished in negative territory during the week ending November 15, in response to stickier-than-expected inflation data and less dovish comments from Federal Reserve (Fed) Chair Jerome Powell.
- In prepared remarks delivered in Dallas on Thursday, Powell stated that, given signs of continued economic strength, the central bank does not see an urgent need to accelerate the pace of interest-rate cuts. "The recent performance of our economy has been remarkably good, by far the best of any major economy in the world," he said. "The economy is not sending any signals that we need to be in a hurry to lower rates. The strength we are currently seeing in the economy gives us the ability to approach our decisions carefully." The Federal Open Market Committee (FOMC) reduced the federal-funds rate by 25 basis points (0.25%) at its meeting on November 6-7, following a 50-basis-point cut in September.
- At the end of the week, CME's FedWatch Tool, which provides a gauge of the markets' expectations of potential changes to the federal-funds target rate while assessing potential Fed monetary policy actions at FOMC meetings, implied a 58% chance that the central bank will implement a rate cut of 25 basis points to a range of 4.25-4.50% following its meeting in mid-December, and a 42% likelihood that the Fed will maintain its benchmark interest rate in a range of 4.50-4.75%.
- According to the Department of Labor, the consumer-price index (CPI) rose 0.2% in October, matching the upturns in the previous three months. The 2.6% year-over-year advance in the index was higher than the 2.4% annual rise in September and was in line with expectations. Housing costs rose 0.4% and 4.9% in October and year-over-year, respectively. Transportation services costs increased 0.4% for the month and 8.2% versus the same period in 2023. Conversely, prices for fuel oil plummeted 4.6% in October and 20.8% year-over-year, while gasoline prices fell 0.9% and 12.2% for the respective periods. The 3.3% rolling 12-month rise in core inflation in October, as measured by the CPI for all items less food and energy, was up marginally from the 3.2% annual rise in September.
- Regarding inflation at the wholesale level, the Department of Labor announced that the producer-price index (PPI), which tracks the average change over time in selling prices received by domestic producers of goods and services, advanced 0.2% in October, up from the flat reading in September. The PPI's 2.4% increase over the previous 12-month period represented a notable upturn from the 1.9% annual gain in September. Core wholesale inflation, as measured by the PPI less food, energy, and trade services, rose 0.3% in September, up from the 0.1% increase during the previous month. The index's greater-than-expected gain of 3.5% over the previous 12 months exceeded the 3.3% annual rise in September and was the largest year-over-year increase in four months.
- The Census Bureau reported that U.S. retail and food services sales—a gauge of consumer spending, which comprises more than two-thirds of the nation's gross domestic product (GDP)—increased 0.4% in October, down from the 0.8% upturn in September, and slightly exceeding expectations. Sales rose 2.8% over the previous 12-month period. Nonstore retailers, food services and drinking places, and motor vehicle and parts dealers posted year-over-year sales gains of 7.0%, 4.3%, and 4.0%, respectively. In contrast, sales for gasoline stations decreased 7.1% year-over-year as retail gasoline prices fell sharply during the period.

Stocks

- Global equities declined during the week. Developed markets outperformed emerging markets.
- U.S. stocks posted losses for the week. Financials and energy were the top-performing sectors, while health care and materials were the primary market laggards.
- Value stocks led growth, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.44% over the week.
- Global bond markets lost ground during the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of November 15, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	-1.4%	17.1%	24.5%	851.2
MSCI EAFE ($)	-2.2%	2.2%	9.9%	2286.3
MSCI Emerging Mkts ($)	-4.5%	5.9%	10.4%	1084.4
US & Canadian Equities				
Dow Jones Industrials ($)	-1.2%	15.3%	24.3%	43445.0
S&P 500 ($)	-2.1%	23.1%	30.2%	5870.6
NASDAQ ($)	-3.1%	24.4%	32.4%	18680.1
S&P/ TSX Composite (C$)	0.5%	18.8%	24.1%	24890.7
UK & European Equities				
FTSE All-Share (£)	-0.1%	4.3%	9.3%	4412.2
MSCI Europe ex UK (€)	0.1%	5.3%	10.8%	1774.3
Asian Equities				
Topix (¥)	-1.1%	14.6%	14.5%	2711.6
Hong Kong Hang Seng ($)	-6.3%	14.0%	8.9%	19426.3
MSCI Asia Pac. Ex-Japan ($)	-4.5%	8.6%	14.1%	574.3
Latin American Equities				
MSCI EMF Latin America ($)	-1.3%	-21.6%	-15.2%	2087.8
Mexican Bolsa (peso)	-2.5%	-11.9%	-3.6%	50565.4
Brazilian Bovespa (real)	0.0%	-4.8%	2.5%	127791.6
Commodities ($)				
West Texas Intermediate Spot	-2.4%	-4.1%	-5.8%	68.7
Gold Spot Price	-4.6%	24.0%	29.2%	2563.1
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-1.2%	-1.1%	4.5%	466.0
JPMorgan Emerging Mkt Bond	-0.7%	6.1%	13.9%	900.6
10-Year Yield Change (basis points*)				
US Treasury	14	56	0	4.44%
UK Gilt	4	94	32	4.47%
German Bund	-1	33	-24	2.35%
Japan Govt Bond	6	46	28	1.07%
Canada Govt Bond	9	16	-40	3.27%
Currency Returns**				
US$ per euro	-1.8%	-4.6%	-3.0%	1.053
Yen per US$	1.2%	9.5%	2.4%	154.40
US$ per £	-2.4%	-1.0%	1.5%	1.261
C$ per US$	1.3%	6.4%	2.4%	1.409

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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