# Stocks have a tariff-ic Thanksgiving.

**The economy**

- U.S. stocks posted gains for the Thanksgiving holiday-shortened week ending November 29. Investors took a favorable view of President-elect Donald Trump's nomination of hedge fund manager Scott Bessent as Secretary of the Treasury, as they believe that he will be a voice of moderation for the new administration's fiscal and trade policies. This offset initial concerns about Trump's proposed tariffs on imported goods from several countries. The Dow Jones Industrial Average and the broad-market S&P 500 Index closed at record highs.
- In a social media post on Monday, Trump announced his intention to implement 25% tariffs on imported goods from Mexico and Canada. He alleged that both countries have allowed illegal immigration and have failed to prevent the flow of drugs, including fentanyl, into the U.S. In a separate post, Trump vowed to assess a 10% tariff (in addition to an existing 15% levy) on imports from China, accusing the Chinese government of failing to regulate the chemicals that are used to produce fentanyl.
- According to the second 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—unchanged from the 2.8% initial estimate and slightly lower than 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 modest quarter-over-quarter decline in the 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).
- Minutes from the Federal Open Market Committee's (FOMC) November 6-7 meeting, released on Tuesday, revealed that members preferred a more cautious stance on future interest-rate cuts, citing ongoing strength in the U.S. economy and sticky inflation. The meeting participants "anticipated that if the data came in about as expected, with inflation continuing to move down sustainably to 2 percent and the economy remaining near maximum employment, it would likely be appropriate to move gradually toward a more neutral stance of [monetary] policy over time." Additionally, several Committee members "noted the volatility of recent economic data and highlighted the importance of focusing on underlying economic trends and the evolution of the outlook when assessing incoming information."
- The Department of Commerce reported that the personal-consumption-expenditures (PCE) price index advanced 0.2% in October, matching the increase in September. The index's annual upturn of 2.3% was up from the 2.1% increase in September, 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 0.1% and 1.0% in September and over the previous 12 months, respectively. Prices for energy goods and services declined 0.1% in September and 5.9% year over year. The core PCE price index, which excludes volatile food and energy prices, rose 0.3% in October, unchanged from the 0.3% rise for the previous month. The year-over-year advance of 2.8% was slightly higher than the 2.7% increase in September.

**Stocks**

- Global equities saw mixed performance for the week. Developed markets outperformed emerging markets.
- U.S. stocks recorded positive returns during the week. Consumer discretionary and health care were the top-performing sectors, while energy and information technology were the primary market laggards.
- Growth stocks led value, while small caps outperformed large caps.

**Bonds**

- The 10-year U.S. Treasury note yield decreased to 4.17% over the week.
- Global bond markets gained ground during the week.
- Government bonds led the markets, followed by corporate bonds and high-yield bonds.

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| The Numbers as of November 29, 2024 | 1 Week | YTD | 1 Year | Friday's Close |
|---|---|---|---|---|
| **Global Equity Indexes** | | | | |
| MSCI ACWI ($) | 0.5% | 18.1% | 23.6% | 858.3 |
| MSCI EAFE ($) | 1.2% | 3.0% | 8.3% | 2302.2 |
| MSCI Emerging Mkts ($) | -0.7% | 5.5% | 9.4% | 1079.7 |
| **US & Canadian Equities** | | | | |
| Dow Jones Industrials ($) | 1.4% | 19.2% | 24.9% | 44910.7 |
| S&P 500 ($) | 1.1% | 26.5% | 32.1% | 6032.4 |
| NASDAQ ($) | 1.1% | 28.0% | 35.1% | 19218.2 |
| S&P/ TSX Composite (C$) | 0.7% | 22.3% | 26.6% | 25628.6 |
| **UK & European Equities** | | | | |
| FTSE All-Share (£) | 0.4% | 6.9% | 11.6% | 4524.9 |
| MSCI Europe ex UK (€) | -0.3% | 4.4% | 7.7% | 1759.1 |
| **Asian Equities** | | | | |
| Topix (¥) | -0.6% | 13.3% | 12.9% | 2680.7 |
| Hong Kong Hang Seng ($) | 1.0% | 13.9% | 14.0% | 19423.6 |
| MSCI Asia Pac. Ex-Japan ($) | -0.2% | 9.0% | 13.9% | 576.7 |
| **Latin American Equities** | | | | |
| MSCI EMF Latin America ($) | -4.0% | -24.9% | -19.1% | 1999.2 |
| Mexican Bolsa (peso) | -1.0% | -13.0% | -7.6% | 49941.5 |
| Brazilian Bovespa (real) | -3.4% | -7.0% | -2.0% | 124797.4 |
| **Commodities ($)** | | | | |
| West Texas Intermediate Spot | -4.2% | -4.1% | -9.5% | 68.7 |
| Gold Spot Price | -1.7% | 28.7% | 30.6% | 2660.7 |
| **Global Bond Indices ($)** | | | | |
| Bloomberg Global Aggregate ($) | 1.4% | 0.0% | 4.2% | 471.5 |
| JPMorgan Emerging Mkt Bond | 0.8% | 7.1% | 12.2% | 908.4 |
| **10-Year Yield Change (basis points*)** | | | | |
| US Treasury | -23 | 29 | -16 | 4.17% |
| UK Gilt | -14 | 71 | 7 | 4.24% |
| German Bund | -16 | 6 | -36 | 2.09% |
| Japan Govt Bond | -4 | 43 | 38 | 1.05% |
| Canada Govt Bond | -32 | 0 | -45 | 3.11% |
| **Currency Returns**** | | | | |
| US$ per euro | 1.5% | -4.2% | -2.8% | 1.058 |
| Yen per US$ | -3.3% | 6.1% | 0.9% | 149.60 |
| US$ per £ | 1.7% | 0.1% | 0.9% | 1.274 |
| C$ per US$ | 0.1% | 5.7% | 3.2% | 1.399 |

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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