WEEKLY MARKET UPDATE | DECEMBER 6, 2024

The market sends mixed messages.

The economy

- Major U.S. equity market indexes saw mixed performance for the week ending December 6. Stocks were bolstered by investors' generally favorable view of Federal Reserve (Fed) Chair Jerome Powell's comments on the U.S. economy, as well as stronger-than-expected employment data. This offset uncertainty regarding Powell's remarks concerning future interest-rate cuts. The broad-market S&P 500 Index notched another record high during the week; the tech-heavy Nasdaq Composite Index also finished in positive territory. However, the Dow Jones Industrial Average declined modestly despite closing above 45,000 for the first time on Wednesday.
- During a Q&A session sponsored by the New York Times on Wednesday, Powell noted that as the economy has strengthened since the central bank began its interest rate-cutting cycle in September, the Fed most likely will slow the pace of monetary policy-easing. "We wanted to send a strong signal that we were going to support the labor market if it continued to weaken," he said. "The economy is strong, and it's stronger than we thought it was going to be 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 Federal Open Market Committee (FOMC) meetings, implied a 85% chance that the central bank will implement a rate cut of 25 basis points (0.25%) to a range of 4.25% to 4.50% following its meeting on December 17-18, and a 15% likelihood that the Fed will maintain its benchmark rate in a range of 4.50% to 4.75%.
- There was notable news during the week regarding the U.S. labor market. The Department of Labor reported that U.S. payrolls expanded by a greater-than-expected total of 227,000 jobs in November—a substantial increase from the 12,000 positions added in October. (Hurricanes in North Carolina and Florida in October resulted in significant property damage that left some residents temporarily unable to work.) The unemployment rate ticked up 0.1 percentage point to 4.2%. The health care sector added 54,000 positions during the month, followed closely by leisure and hospitality, which gained 53,000 jobs. In contrast, employment in the retail trade sector declined by 28,000. Average hourly earnings rose 0.4% and 4.0% in November and year-over-year, respectively.
- According to the Department of Labor's Job Openings and Labor Turnover Survey (JOLTS), another gauge of the status of the U.S. labor market, job openings in the U.S. rose by 372,000 (5.0%) to 7,744,000 in October (the most recent reporting period). While this figure was down significantly from the 8,685,000 openings a year earlier, the total remained well above the pre-COVID-19 level of 6,995,000 openings in February 2020. There were notable month-over-month increases in open positions in professional and business services, leisure and hospitality, and state and local government. There were fewer job openings in trade, transportation, and utilities, as well as the federal government.
- The Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI) ended November at 48.4%—1.9 percentage points higher than the 46.5% reading in October—but indicated contraction in the U.S. manufacturing sector for the eighth consecutive month. (A PMI reading under 50% indicates a decrease in manufacturing activity.) The ISM's Employment Index remained in contraction territory at 48.1% in November, but was up 3.7 percentage points from the prior month's reading of 44.7%.

Stocks

- Global equities posted gains for the week. Emerging markets outperformed developed markets.
- U.S. stocks were mixed during the week. Consumer discretionary and communication services were the top-performing sectors, while energy and utilities were the primary market laggards.
- Growth stocks led value, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield dipped to 4.15% over the week.
- Global bond markets recorded a modest upturn during the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of December 6, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	1.1%	20.0%	25.3%	872.2
MSCI EAFE ($)	1.8%	5.5%	10.3%	2358.3
MSCI Emerging Mkts ($)	2.2%	7.7%	13.6%	1102.3
US & Canadian Equities				
Dow Jones Industrials ($)	-0.6%	18.4%	23.6%	44642.5
S&P 500 ($)	1.0%	27.7%	32.8%	6090.3
NASDAQ ($)	3.3%	32.3%	38.5%	19859.8
S&P/ TSX Composite (C$)	0.2%	22.6%	26.7%	25691.8
UK & European Equities				
FTSE All-Share (£)	0.4%	7.4%	11.0%	4544.0
MSCI Europe ex UK (€)	2.0%	7.3%	9.2%	1807.3
Asian Equities				
Topix (¥)	1.7%	15.2%	15.6%	2727.2
Hong Kong Hang Seng ($)	2.3%	16.5%	21.5%	19865.9
MSCI Asia Pac. Ex-Japan ($)	1.6%	10.7%	17.6%	585.7
Latin American Equities				
MSCI EMF Latin America ($)	2.0%	-23.4%	-17.2%	2038.9
Mexican Bolsa (peso)	3.0%	-10.6%	-5.7%	51331.6
Brazilian Bovespa (real)	0.2%	-6.1%	0.0%	125963.5
Commodities ($)				
West Texas Intermediate Spot	-0.6%	-4.7%	-1.5%	68.3
Gold Spot Price	-1.0%	27.5%	29.9%	2635.1
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.2%	0.6%	3.7%	474.4
JPMorgan Emerging Mkt Bond	0.4%	7.7%	11.0%	914.1
10-Year Yield Change (basis points*)				
US Treasury	-2	27	0	4.15%
UK Gilt	3	74	31	4.27%
German Bund	2	9	-8	2.11%
Japan Govt Bond	1	45	30	1.06%
Canada Govt Bond	-11	-13	-32	2.98%
Currency Returns**				
US$ per euro	-0.1%	-4.3%	-2.1%	1.057
Yen per US$	0.1%	6.3%	4.0%	149.96
US$ per £	0.0%	0.1%	1.2%	1.274
C$ per US$	1.0%	6.9%	4.1%	1.415

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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