WEEKLY MARKET UPDATE | DECEMBER 13, 2024

Inflation news muddles the market.

The economy

- U.S. stocks were mixed for the second consecutive week during the period ending December 13. Investors vacillated between optimism and apprehension as divergence between consumer and wholesale inflation data led to uncertainty about whether the Federal Reserve (Fed) will slow the pace of interest-rate cuts. The Dow Jones Industrial Average moved lower during the week, while the broad-market S&P 500 Index was flat. The tech-heavy Nasdaq Composite Index closed above 20,000 for the first time on Wednesday and ended the week with a gain.
- According to the Department of Labor, the consumer-price index (CPI) rose 0.3% in November, marginally higher than the 0.2% increase in October. The 2.7% year-over-year advance in the index was up slightly from than the 2.6% annual rise in October and was in line with expectations. Housing costs increased 0.3% and 4.7% in November and year-over-year, respectively. Transportation services costs were flat for the month but climbed 7.1% versus the same period in 2023. Prices for fuel oil and gasoline posted identical upturns of 0.6% in November, but tumbled 19.5% and 8.1%, respectively, year-over-year. The 3.3% rolling 12-month rise in core inflation in November, as measured by the CPI for all items less food and energy, matched the annual increase in October.
- 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 service providers posted a greater-than-expected advance of 0.4% in November, up from the 0.2% rise in October, due mainly to the 0.7% increase in the cost of goods. The PPI's larger-than-expected 3.0% rise over the previous 12-month period was sharply higher than the 2.6% annual gain in October and represented the largest upturn since February 2023. Core wholesale inflation, as measured by the PPI less food, energy, and trade services, edged up 0.1% in November, down from the 0.3% increase during the previous month. The index advanced 3.5% year-over-year, matching the annual rise in October.
- The recent downward trend in interest rates has spurred demand for mortgages. The Mortgage Bankers Association (MBA) reported that mortgage applications in the U.S. climbed 5.4% during the week ending December 6, compared to the previous seven-day period. The MBA's Refinance Index surged 27.0% and 42.0% for the week and the previous 12-month period, respectively. The Purchase Index advanced 30.0% for the week and rose 4.0% year-over-year. According to the Federal Home Loan Mortgage Corporation (Freddie Mac), the average interest rate on a 30-year fixed-rate mortgage dipped 9 basis points to 6.60% during the week ending December 12—the third consecutive weekly decline. The rate exceeded the two-year low of 6.08% recorded on September 26 of this year, but was 119 basis points (1.19%) below the 24-year high of 7.79% reached on October 26, 2023.
- According to the Department of Labor, initial unemployment insurance (UI) claims, a barometer of the health of the labor market, increased by 17,000 to 242,000 during the week ending December 7. The total was significantly higher than the 205,000 claims filed during the same week in 2023. The four-week moving average of initial UI claims rose 5,750 week-over-week to 224,250, and was up 12,500 from the four-week average of 211,750 a year earlier.

Stocks

- Global equities saw mixed performance for the week. Emerging markets garnered positive returns and outperformed developed markets, which lost ground.
- U.S. stocks also were mixed during the week. Communication services and consumer discretionary and were the top-performing sectors, while utilities and health care were the primary market laggards.
- Growth stocks led value, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.27% over the week.
- Global bond markets ended mixed for the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of December 13, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	-0.1%	19.9%	24.0%	871.4
MSCI EAFE ($)	-0.4%	4.5%	9.0%	2336.1
MSCI Emerging Mkts ($)	0.7%	8.3%	13.5%	1108.4
US & Canadian Equities				
Dow Jones Industrials ($)	-1.9%	17.1%	20.7%	44148.6
S&P 500 ($)	0.0%	27.6%	31.0%	6084.2
NASDAQ ($)	1.5%	33.5%	37.9%	20034.9
S&P/ TSX Composite (C$)	0.1%	22.4%	26.8%	25657.7
UK & European Equities				
FTSE All-Share (£)	-0.4%	7.2%	10.5%	4538.4
MSCI Europe ex UK (€)	0.4%	7.3%	8.0%	1807.3
Asian Equities				
Topix (¥)	0.3%	16.2%	16.8%	2749.3
Hong Kong Hang Seng ($)	2.1%	18.2%	23.1%	20155.1
MSCI Asia Pac. Ex-Japan ($)	0.0%	10.8%	16.7%	585.9
Latin American Equities				
MSCI EMF Latin America ($)	1.9%	-23.3%	-16.9%	2041.5
Mexican Bolsa (peso)	0.1%	-10.6%	-5.8%	51284.2
Brazilian Bovespa (real)	2.8%	-3.4%	2.5%	129593.3
Commodities ($)				
West Texas Intermediate Spot	2.6%	-1.9%	2.4%	70.3
Gold Spot Price	2.5%	31.5%	37.4%	2718.1
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-0.4%	0.1%	3.6%	472.1
JPMorgan Emerging Mkt Bond	0.4%	7.9%	11.5%	915.5
10-Year Yield Change (basis points*)				
US Treasury	9	39	7	4.27%
UK Gilt	7	79	35	4.32%
German Bund	7	11	-10	2.13%
Japan Govt Bond	1	46	36	1.08%
Canada Govt Bond	1	-2	-32	3.09%
Currency Returns**				
US$ per euro	-0.1%	-4.9%	-2.8%	1.050
Yen per US$	1.2%	8.1%	4.8%	152.45
US$ per £	0.4%	0.2%	1.5%	1.275
C$ per US$	0.6%	6.9%	4.2%	1.416

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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