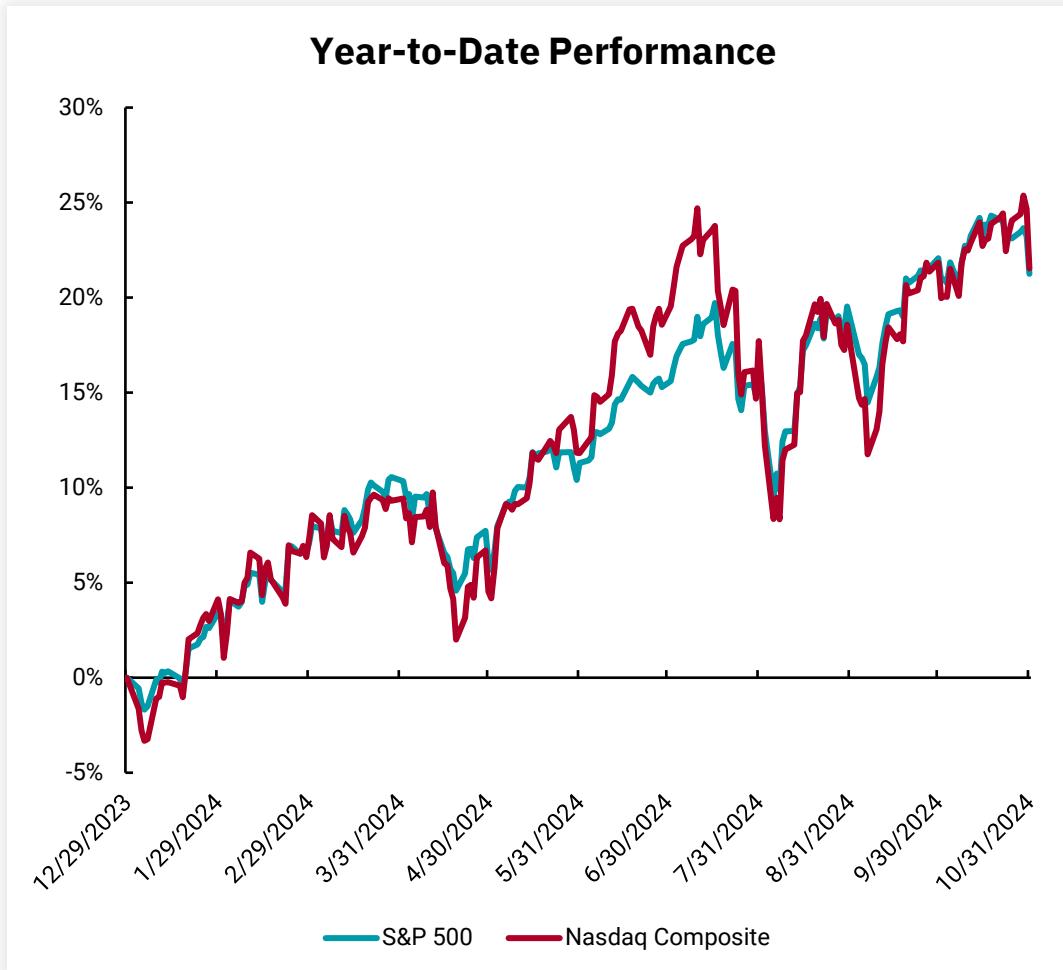


Weekly market update



Chart of the week (Nov. 1, 2024)



It has been quite a year in the stock market. With only two months left on the calendar, investors likely wish all years were this good (at least as of right now). The S&P 500 and Nasdaq are up 21% and 22%, respectively. In recent weeks, the S&P 500 has set all-time highs, and so has the Nasdaq, albeit less emphatically than the S&P 500. Another encouraging trend is that more sectors and corners of the market have been contributing to performance in the past few months. That's particularly significant, given how much performance was [concentrated in the "Magnificent Seven"](#) in the first half of the year.

Of course, it should come as no surprise that the S&P 500 and Nasdaq have seen exceptional performance, as those indices are more exposed to the technology-related companies that have led markets for most of the year. At the same time, however, it is healthy for mega-cap technology to moderate and have other sectors step in to fill the performance void, as we have seen these past few months. That said, it would be a difficult environment for the overall stock market if mega-cap technology companies deliver negative performance over time. This, again, is due to their sheer size in the marketplace.

Moreover, as it happens, many of the largest technology companies reported quarterly earnings during the week. The earnings of the mega-cap technology companies have been mixed and some have been hit relatively hard. One of the main takeaways from the week is that investors are showing some nervousness, as many of these companies have increased their respective artificial intelligence (AI) spending initiatives. Most mega-cap technology companies' traditional profit drivers have remained on relatively solid footing, but investors are looking at this near-term AI spending without a commensurate profit stream and asking questions.

It's certainly reasonable to ask such questions, and there is no doubt that not every dollar spent is being spent wisely. However, since we appear to be on the precipice of transformational technology, it's possible some market participants are missing the forest for the trees. That doesn't mean that AI profits will swiftly come pouring into the coffers of these technology companies next quarter, and setting a specific time frame for monetizing many of these initiatives is difficult. However, like any technology that upends the status quo, it will take time.

Weekly market update

Commentary (Nov. 1, 2024)

Domestic Equities

- U.S. equities closed October with losses. Growth outperformed value as tech momentum continued into earning season. Mid-cap outperformed large, but small-cap underperformed both as investors remained cautious ahead of the election.
- Stock fell in the last week of the month on big tech earnings reports. Although revenue and earnings growth was generally strong, guidance on increased capital spending weighed on forward earnings expectations. AI build-out continues to require significant investment, but it remains unclear whether the current excitement will sustain long-term growth.
- A significantly lower-than-expected jobs report out on Friday pushed stocks higher as it raised expectations for more than one rate cut before the end of the year.

Bonds

- U.S. Treasury yields were mostly higher for the week. The belly of the curve experienced the biggest jump in yields, while the front-end was lower and the long end up modestly.
- The U.S. Treasury announced that it doesn't expect to increase auction sizes for notes and bonds over the next several quarters.
- High-yield bond spreads made new lows, with the option-adjusted spread on the Bloomberg US Corporate High Yield Index reaching its lowest level since December 2021.
- In international markets, U.K. gilt yields spiked higher on the release of the Labor Party's new budget, which projected a large rise in borrowing over the next few years. The Bank of Japan announced that it was leaving policy rates unchanged but is still considering another hike.

International Equities

- Foreign stocks fell during the week as investors reacted to mixed earnings and global economic data ahead of the U.S. elections.
- Developed markets drifted lower. Eurozone economic growth accelerated in the third quarter as gross domestic product (GDP) increased 0.4% over the last quarter. Germany, France and Spain reported stronger-than-expected growth, with Germany narrowly avoiding a recession.
- Emerging markets faltered this week as markets across Asia and Latin America fell. In positive economic news, Mexico's economic growth accelerated more than expected in the third quarter, expanding by 1%. Domestic spending and recovery in the agricultural sector from drought-related conditions were key factors driving the economy.

Economics

- On Friday, the employment report showed that the economy added 12,000 jobs in October, seasonally adjusted. This was sharply lower than the consensus estimate for 125,000 new jobs. Expectations were for a lower figure compared to last month, following the hurricanes and labor strikes. Despite the low figure, the unemployment rate held steady at 4.1%.
- Jobless claims for the week came in at 216,000, which was below consensus estimates for 235,000.
- On Wednesday, third-quarter GDP came in at 2.8%. While this was a strong reading, it was below estimates for 3.0% and below last quarter's figure of 3.0%. Consumer spending and federal government spending contributed to the growth but greater imports versus exports detracted.

Weekly Market Update

For Week Ending November 01, 2024

Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	42,052.19	-0.1%	13.3%	28.9%
S&P 500 Index	5,728.80	-1.4%	21.5%	37.1%
NASDAQ Composite	18,239.92	-1.5%	22.2%	40.7%
S&P 400 Midcap Index	3,102.85	-0.1%	12.9%	32.4%
S&P 600 Smallcap Index	1,389.31	-0.1%	6.9%	29.9%
MSCI EAFE	8,328.55	-1.0%	7.0%	21.8%
MSCI Emerging Markets	597.57	-1.1%	11.9%	25.5%
Bloomberg US Agg	2,192.34	-0.6%	1.4%	9.0%
Bloomberg Municipal 5 Yr	494.58	-0.1%	1.2%	6.5%
Bloomberg US Corporate	3,293.82	-0.7%	2.3%	12.0%
Bloomberg Glb Agg ex US Hdq	585.29	-0.3%	3.6%	9.0%
Bloomberg High Yield	2,665.52	0.0%	7.5%	16.1%
MSCI US REIT Index	2,369.40	-2.7%	10.2%	32.4%
Bloomberg Commodity Index	235.22	-2.1%	3.9%	-0.8%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	5.00%	5.00%	5.50%	5.50%
3-Month Treasury	4.50%	4.63%	5.33%	5.45%
1-Year Treasury	4.27%	4.30%	4.76%	5.36%
2-Year Treasury	4.21%	4.10%	4.25%	4.94%
5-Year Treasury	4.22%	4.06%	3.85%	4.65%
7-Year Treasury	4.31%	4.15%	3.88%	4.72%
10-Year Treasury	4.38%	4.24%	3.88%	4.73%
30-Year Treasury	4.58%	4.50%	4.03%	4.93%

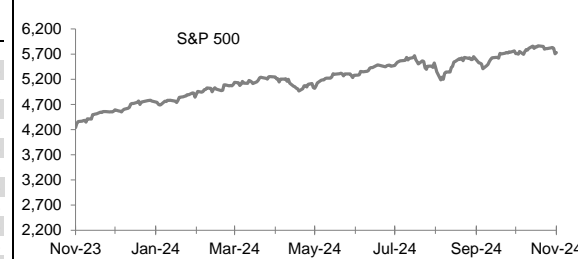
	Last Price/Yield	Prior Week	Year End	Year Ago
Consumer Rates				
30-Year Mortgage	7.28%	7.21%	6.99%	5.83%
Prime Rate	8.75%	8.75%	9.25%	9.25%
SOFR	4.86%	4.83%	5.38%	5.32%

	Last Price	Prior Week	Year End	Year Ago
Commodities				
Gold	2,736.53	2,747.56	2,062.98	1,982.53
Crude Oil (WTI)	69.49	71.78	71.65	75.42
Gasoline	3.11	3.14	3.12	3.45
Natural Gas	2.66	3.09	2.33	4.32
Copper	4.37	4.37	3.89	3.77

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	21.88	22.34	5.27	1.78
S&P 500	23.62	24.55	5.10	1.34
S&P 500 Value	18.06	18.37	2.93	2.32
S&P 500 Growth	30.71	32.92	11.56	0.62
NASDAQ	33.54	35.26	6.94	0.72
S&P Midcap 400	17.74	17.43	2.61	1.72
S&P Smallcap 600	16.96	16.75	1.91	2.45
MSCI EAFE	14.78	15.15	1.92	3.22
MSCI Emerging Markets	13.64	15.18	1.84	2.73

Source: Bloomberg

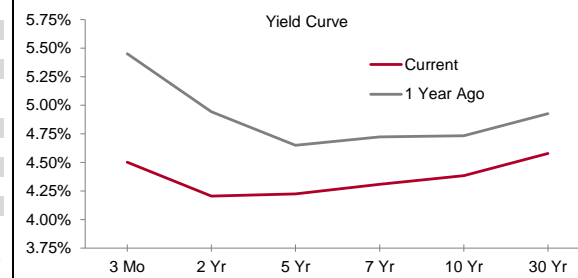
Equity Style



1 Month*			Year to Date*			
Value	Core	Growth	Value	Core	Growth	
Large	-0.91	0.43	1.48	13.95	21.46	28.23
Mid	1.09	0.33	-0.39	10.04	12.92	15.60
Small	0.24	-0.87	-2.00	4.57	6.89	9.08

*S&P Indices

Fixed Income Style



1 Month*			Year to Date*			
Short	Interm.	Long	Short	Interm.	Long	
Govt	-0.74	-2.03	-7.09	3.43	2.25	-4.19
Corp	-0.61	-1.98	-5.59	4.53	3.82	-0.79
HY	0.06	-0.47	-1.34	8.32	7.52	5.71

1-3 Yrs 1-10 Yrs +10 Yrs

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	2.4%	3.7%
CPI Core Inflation	3.3%	4.1%
Personal Consumption Exp (PCE) Core	2.7%	3.7%
Jobs		
Unemployment Rate (U3)	4.1%	3.8%
Broader Unemployment Rate (U6)	7.7%	7.2%
JOLT Survey (in millions)	7.44	9.31
Jobless Claims (000's)	216	216
Change in Non-Farm Payroll (000's)	12	165
Average Hourly Earnings (Y/Y % Change)	4.0%	4.3%
Consumer & Spending		
Consumer Confidence (Conf Board)	108.7	99.1
Consumer Spending (\$ Bil)	20,024	19,025
Consumer Credit (\$ Bil)	5,098	4,982
Retail Sales (\$ Bil)	714	702
Housing		
Housing Starts (000's)	1,354	1,363
Case-Shiller Home Price Index	325.03	311.78
U.S. Productivity		
Real Gross Domestic Product (\$ Bil)	23,386	22,781
Quarter over Quarter Change	2.8%	4.4%
Year Over Year Change	2.7%	3.2%
ISM Manufacturing	46.50	46.90
Capacity Utilization	77.49	78.93
Markit US Composite PMI	54.30	50.70
U.S. General		
Leading Economic Indicators	99.7	104.7
Trade Weighted Dollar Index	124.8	124.1
EUR / USD	1.08	1.06
JPY / USD	153.01	150.95
CAD / USD	0.72	0.72
AUD / USD	0.66	0.64

S&P 500 Sector Returns

	1 Month	YTD
Communication Services	1.47%	31.22%
Information Technology	2.36%	29.83%
Utilities	-4.01%	26.40%
Financials	3.36%	25.33%
Industrials	-1.07%	18.90%
Consumer Staples	-2.58%	15.37%
Consumer Discretionary	1.33%	14.84%
Materials	-3.40%	9.95%
Health Care	-3.57%	9.72%
Real Estate	-3.72%	9.38%
Energy	-2.11%	8.45%

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