



Wealth Advisors,  
Investment Managers

# Weekly Market Recap - 11/22/24

## Market Commentary

### Weekly Recap:

US stocks finished mostly higher in a fairly quiet week for macro news. The post-election broadening of the US equity market rally (a trend that really began back in July) continued apace, with cyclicals and small caps outperforming.

International benchmarks posted only modest gains and continue to lag far behind the US in 2024. The prospect of higher tariffs and stricter border controls under a second Trump administration has weighed on sentiment around global trade, with the effects expected to disproportionately impact the more export-oriented economies of Europe and Asia. See the Chart of the Week for a comparison of US and international equity performance since the US election on November 5th.

Tech bellwether Nvidia saw some profit-taking on Friday but finished essentially flat on the week after posting blowout Q3 earnings, including yet another quarter of triple-digit y/y EPS growth. CEO Jensen Huang noted that production of the company's new Blackwell chips has begun ramping up, but relentless demand from data centers will still exceed available supply for the next several quarters.

On the macro front, homebuilder sentiment improved on the prospect of fewer regulatory hurdles in the future, although that optimism has yet to flow through to increased construction activity as persistently high mortgage rates continue to impact affordability and demand. Elsewhere, S&P's US manufacturing (48.8) and services (57.0) PMIs improved sequentially in the preliminary November reading, and the US labor market remained solid with the October storms-driven uptick in jobless claims now solidly in the rearview.

### Albion's "Four Pillars":

**\*Economy & Earnings** - The US economy has been resilient despite the higher interest rate environment. S&P 500 earnings are on track for high single-digit or low double-digit y/y growth in 2024, with consensus calling for double-digit y/y growth in 2025 as well.

**\*Valuation** - The S&P 500's forward P/E of 22x is well above the long run average, so valuations are likely to be a headwind to future returns. More predictive metrics like CAPE, Tobin's Q, and the Buffett Indicator (Eq Mkt Cap / GDP) suggest that compound annual returns from current levels over the coming decade are likely to be in the mid single digits.

**\*Interest Rates** - Futures markets imply that the Fed may deliver another 25 bp interest rate cut at the FOMC meeting in December of 2024, with additional cuts possible in 2025. Belly and long end rates are already near what are likely to be their post-pandemic equilibrium levels, unless the US economy enters a recession.

**\*Inflation** - After the disinflationary trend resumed over the summer, more recent inflation data has shown some renewed signs of stickiness. Services inflation in particular remains somewhat elevated, in part due to heavily lagged shelter costs.

## Market Data

Equity Indices	Close	Index Total Returns (%)				
		1 Week	MTD	QTD	YTD	3y Cum.
S&P 500	5,969	1.7%	4.7%	3.8%	26.7%	33.6%
Dow Jones Indus. Avg.	44,297	2.0%	6.2%	4.9%	19.5%	32.2%
NASDAQ	19,004	1.8%	5.1%	4.6%	27.4%	22.8%
S&P Midcap 400	3,342	4.2%	8.0%	7.2%	21.7%	22.0%
Russell 2000 (Small Cap)	2,407	4.5%	9.7%	8.1%	20.1%	7.8%
MSCI EAFE (Int'l Dev Mkt Eq)	2,274	0.0%	-2.3%	-7.6%	-4.8%	7.6%
MSCI EM (Emerging Mkt Eq)	1,087	0.2%	-2.8%	-7.0%	9.0%	-5.5%
MSCI World	3,766	1.5%	3.4%	1.3%	20.4%	23.3%
S&P Global 1200	4,118	1.3%	2.7%	0.7%	20.4%	25.2%

Fixed Income	Yield	Index Total Returns (%)				
		1 Week	MTD	QTD	YTD	3y Cum.
10y U.S. Treasuries	4.40%	0.3%	-0.8%	-4.4%	-0.9%	-13.3%
U.S. Bonds (Aggregate)	4.84%	0.2%	-0.3%	-2.8%	1.5%	-6.3%
Global Bonds	3.67%	-0.1%	-1.4%	-4.7%	-1.3%	-12.3%
U.S. Munis	3.56%	0.2%	0.9%	-0.6%	1.7%	-0.6%
U.S. Investment Grade Corp	5.25%	0.1%	-0.2%	-2.7%	2.5%	-5.6%
U.S. High Yield Corporates	7.24%	0.3%	0.7%	0.2%	8.2%	10.1%

US Interest Rates	Levels (%)					
	11/22/24	11/15/24	10/31/24	9/30/24	12/29/23	11/22/21
2y Treasuries	4.37	4.30	4.17	3.64	4.25	0.58
10y Treasuries	4.40	4.44	4.28	3.78	3.88	1.62
30y Treasuries	4.59	4.62	4.48	4.12	4.03	1.96
Fed Funds (Effective Rate)	4.58	4.58	4.83	4.83	5.33	0.08
SOFR (USD)	4.57	4.57	4.90	4.96	5.38	0.05
30y Fixed Mortgage	6.84	6.78	6.72	6.08	6.61	3.10

Commodity Prices	Levels					
	11/22/24	11/15/24	10/31/24	9/30/24	12/29/23	11/22/21
Oil (WTI)	71.24	67.02	69.26	68.17	71.65	76.75
Gasoline	3.06	3.08	3.12	3.20	3.12	3.40
Natural Gas	3.13	2.82	2.71	2.92	2.51	4.79
Gold	2,716	2,563	2,744	2,635	2,063	1,805

Currency Crosses	Levels					
	11/22/24	11/15/24	10/31/24	9/30/24	12/29/23	11/22/21
\$ per £	1.25	1.26	1.29	1.34	1.27	1.34
\$ per €	1.04	1.05	1.09	1.11	1.10	1.12
¥ per \$	154.8	154.3	152.0	143.6	141.0	114.9
\$ per Bitcoin	99,420	91,740	69,938	63,785	41,935	56,278

Macroeconomic Data	Value	Date	Next Rel. Cons Est	
			Value	Date
Fed Funds Target (Floor)	4.50%	11/22/24	12/18/24	4.25%
Inflation (Core PCE Deflator)	2.7%	09/30/24	11/27/24	2.8%
Inflation (Headline CPI)	2.6%	10/31/24	12/11/24	-
Unemployment (U-3)	4.1%	10/31/24	12/06/24	4.2%
GDP Growth (Q/Q SAAR)	2.8%	09/30/24	11/27/24	2.8%
ISM Manufacturing PMI	46.5	10/31/24	12/02/24	48.1
Consumer Confidence	108.7	10/31/24	11/26/24	112.0

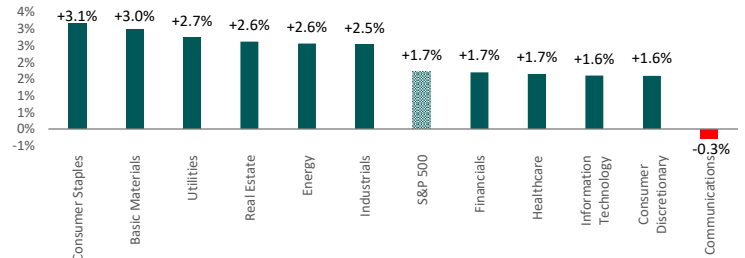
Data Sources: Bloomberg, FactSet

### Albion's Dashboard of Key Leading Economic Indicators as of 11/22/24

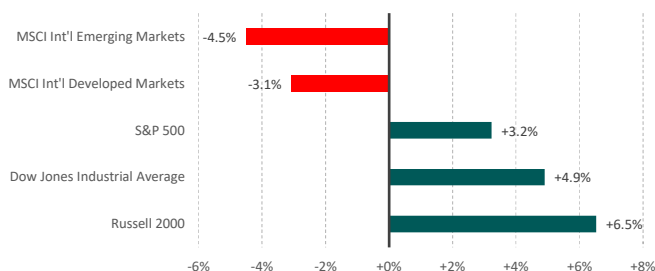
- Initial Jobless Claims (218k 4wk m/a) - Stronger: storm-driven uptick in October has faded
- Conference Board LEI (-4.1% y/y) - Weaker: nearly uninterrupted decline since Dec '21 peak
- Residential Building Permits (1,416k) - Mixed: activity curtailed by persistently high mortgage rates
- Corporate Bond Spreads (0.78%) - Steady: near all time tight levels post-election
- Treasury Yield Curves (51.1% inv) - Stronger: inversion waning as rate cutting cycle unfolds
- Consumer Confidence (108.7) - Stronger: sharp rebound in October after a mixed summer
- Real Final Sales (+2.7% y/y) - Steady: consumer spending has been solid throughout 2024

Legend: ● = All Clear; ● = Caution; ● = Strong Warning

### Sector Total Returns for the Week Ending 11/22/24



### Chart of the Week: Total Returns for US and Foreign Benchmarks Post-Election



### YTD Sector Total Returns as of 11/22/24

