Beacon Weekly Investment Insights

There is resilience across the US economy and financial markets as we entered the final month of calendar 2024. This resilience and optimism is driving significant spending reflected in “Black Friday and “Cyber Monday” data. The initial indications are that the holiday spending season will once again be strong. Consumer confidence measures surged this month as the University of Michigan’s index of consumer confidence rose to 74.0, the highest reading in seven months. This was slightly ahead of expectations and notably, respondents rated the current economic conditions much higher than last month.

Additionally, during the week, the Institute for Supply Chain Management’s purchasing managers surveys for the manufacturing and services portion of the economy were released. The manufacturing survey showed significant improvement with a 4.1% increase on a month over month basis, however the reading of 48.4 is still below 50, the threshold for expanding conditions. The larger services survey declined in November, but the reading of 52 continues to signal expansion.

On the employment front, we had significant data flow beginning Tuesday with the Job Opening and Labor Turnover Survey (JOLTS). The number of job openings was 7.7 million, up slightly from 7.4 million in September, hiring slightly declined to 5.3 million, and layoffs declined to 1.6 million from 1.8 million in September. This data is lagging and is from October when weather related issues and the massive strike at Boeing negatively effected the job figures. Friday, the Labor Department released the November employment report, and once again, resilience comes to mind. The US economy added 227,000 jobs in November in line with expectations, and confirming the bounce back from October’s issues. Healthcare and leisure and hospitality hiring led with gains of 54,000, and 53,000 respectively, while retail shed 28,000 jobs. Average hourly earnings rose 4% on a year over year basis versus expectations of 3.9%. The overall unemployment rate ticked up slightly to 4.2% versus 4.1%.

Corporate earning season for the third quarter is coming to a close and with 99% of the S&P constituents having reported. Earnings growth will come in at about an 8.2% growth rate on a year over year basis. Top line growth will be around 5.1%. Communications services companies posted the strongest percentage growth of up 22%, while energy firms saw declines of about 24%.

All this being said, equity markets performed well for the week. The NASDAQ Composite rose 3.3%, the S&P 500 rose 0.96%, while the Dow Jones Industrials fell 0.6%. Bond prices were generally higher (yields lower) with the benchmark 10-year US Treasury finishing the week with a yield of 4.15%. Oil prices fell based on ample global supply amidst slower economic growth from regions in Europe and China, as well as OPEC+ nations agreeing to delay production increases into next year at least.

As we look at the coming week, inflation data will be the primary focus. On Monday, the NY Fed 1-year inflation expectations are released followed by the Consumer Price Index (CPI) on Wednesday and the Producer Price Index (PPI) on Thursday. Import and export pricing index data is released on Friday. This data will feed inputs into the Federal Reserve as they prepare for their Open Market Committee meeting next week. Currently, futures markets are pricing about an 80% chance of a 25 basis point reduction in the Fed Funds rate range.

Market Scorecard:	12/6/2024	YTD Price Change
Dow Jones Industrial Average	44,642.52	18.45%
S&P 500 Index	6,090.27	27.68%
NASDAQ Composite	19,859.77	32.30%
Russell 1000 Growth Index	4,154.42	36.14%
Russell 1000 Value Index	1,924.17	18.09%
Russell 2000 Small Cap Index	2,409.00	18.84%
MSCI EAFE Index	2,354.96	5.31%
US 10 Year Treasury Yield	4.15%	27 basis points
WTI Crude Oil	$67.20	-6.21
Gold $/Oz.	$2,633.37	27.65%

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