

Beacon Weekly Investment Insights

Equity markets finished the shortened holiday week last week in slightly positive territory, with the S&P 500 up 0.67%, the Dow Jones up 0.35%, and the Nasdaq up 0.76%. Small-caps, as measured by the Russell 2000 Index, finished up 0.10%. We have seen some selling pressure in equity markets as of late, which is not atypical with year-end repositioning/rebalancing in portfolios. As the year comes to a close, equity markets are poised to cap off another strong year, with the S&P 500 currently up roughly 25% for the year, and the Dow Jones up 14%. The tech-heavy Nasdaq has substantially outperformed and is up 31% for the year as of the time of this writing, underscoring the concentrated return profile we have been discussing this year in which the mega-cap tech stocks and the Magnificent 7 as a cohort have substantially outperformed the indices. The 10-year treasury yield finished the week roughly 10 bps higher closing at 4.62%, with the curve continuing to steepen. The 2-year/10-year treasury yield spread reached its most positive level since June 2022.

The consumer confidence report released last week missed to the downside, coming in at 104.7, which was down from the prior reading of 112.8 and below expectations for a reading of 113. Respondents' views on both the present situation and expectations going forward dropped, while views of the labor market improved. New home sales for November came in lower than expectations at 664,000 relative to expectations for 675,000, though were up close to 6% from the prior reading of 627,000. Durable-goods orders for November also came in lower than expectations, down -1.1% relative to expectations for a 0.3% increase, and down from the prior reading of 0.8%. However, core capital-goods orders did come in stronger than expected. Jobless claims continued to point to strength in the labor market, coming in lower than expected at 219,000 which was a four-week low. The reading was down slightly from the prior week's reading of 220,000, and below expectations for 225,000. Continuing claims did however increase to the highest level since November 2021. The data continues to underscore the trend of businesses not laying off a lot of workers, but also being slower to hire.

Aggregate earnings growth for the S&P 500 has by and large come in better than expected this year, with Q4 '24 earnings season set to kick off in earnest in a few weeks time, as large money-center banks are set to begin to report earnings the week of 1/13. Expectations are for continued strength in corporate earnings, to the tune of close to 12% earnings growth for the S&P 500 for Q4. Likewise, earnings growth expectations for the S&P 500 for 2025 are currently quite strong, at roughly 15%. As we typically do, we will keep you updated on this front once the calendar turns and earnings season begins.

With another shortened holiday week, economic data will be relatively light this week. Some additional housing data is on the docket, with Pending home sales set to be released on Monday and the Case-Shiller Home Price Index set to be released on Tuesday. Aside from weekly jobless claims on Thursday, the ISM Manufacturing Index data is set to be released on Friday. From all of us here at Beacon Trust, we wish you a very happy and healthy New Year!

Market Scorecard:	12/27/2024	YTD Price Change
Dow Jones Industrial Average	42,992.21	14.07%
S&P 500 Index	5,970.84	25.18%
NASDAQ Composite	19,722.03	31.38%
Russell 1000 Growth Index	4,126.94	35.24%
Russell 1000 Value Index	1,838.22	12.81%
Russell 2000 Small Cap Index	2,244.59	10.73%
MSCI EAFE Index	2,275.20	1.75%
US 10 Year Treasury Yield	4.62%	74 basis points
WTI Crude Oil	\$70.60	-1.47
Gold \$/Oz.	\$2,631.90	27.03%



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