

Beacon Weekly Investment Insights

Equity markets finished the shortened holiday week last week in positive territory as the market digested Cabinet picks for prominent roles in government and continued to game out expectations around policy going forward, particularly from the standpoint of President-elect Trump having proposed tariffs on Mexico and Canada alongside China. Markets also digested a Israel-Hezbollah ceasefire, and some high profile economic data packed into the short week which included Core PCE, the Fed's preferred measure of inflation. The S&P 500 closed the shortened week up 1%, with the Dow Jones up 1.4% and the Nasdaq up 0.68%. Small-cap stocks continued to build on recent strength, up 1.1% for the week, while the 10-year treasury yield moved down meaningfully from 4.41% to 4.17% to close the week.

A variety of housing data was also released last week, including the S&P Case-Shiller home price index which continued to show home price appreciation in September with a reading of 4.6%, albeit slowing from the prior reading of 5.2% and coming in less than expectations for 4.8% growth. New and pending home sales data was also released, with new home sales dropping by -17.3% in October to 610,000, as the South was heavily impacted by hurricanes Helene and Milton. Pending home sales rose by 2% in October, up for the third month in a row, and coming in ahead of expectations for a 1.8% increase. In addition, the first revision to Q3 GDP came in at 2.8%, which was in line with expectations and the prior reading.

Core PCE essentially showed that progress on the inflation front has somewhat stalled for the time-being. The report showed Core PCE increasing by 0.3% in October, in-line with expectations and the prior reading, and increased 2.8% year-over-year, in-line with expectations and ticking up from the prior reading of 2.7%. The Fed minutes released last week continued to guide for monetary policy easing with the expectation for further rate cuts, albeit at a more gradual pace.

The corporate earnings picture has by and large been constructive. With 95% of the S&P 500 having reported earnings, aggregate earnings growth has come in at 5.8% for the third quarter, ahead of expectations for 4.2% growth headed into the quarter. Furthermore, earnings growth is expected to reaccelerate in the next quarter and in 2025. We will continue to keep you updated on this front.

In addition to a fair amount of Fed speak, economic data on the docket this week includes the ISM Manufacturing and Services indices, job openings data, the ADP employment report which will be released on Wednesday, along with the more closely watched U.S. employment report which will be released on Friday.

As we look out towards next week and the remainder of the month, markets will be paying close attention to the upcoming Fed meeting on December 18th. There has been a lot of back and forth as to whether or not the Fed will potentially cut interest rates by 25 bps or remain on hold for the meeting this month, with the former course of action slightly favored at this point in time according to Fed funds futures. There are several important data points the Fed will be watching between now and the upcoming meeting, with the U.S. employment report scheduled to be released at the end of this week, and both CPI and PPI data scheduled to be released next week.

Market Scorecard:	11/29/2024	YTD Price Change
Dow Jones Industrial Average	44,910.65	19.16%
S&P 500 Index	6,032.38	26.47%
NASDAQ Composite	19,218.17	28.02%
Russell 1000 Growth Index	4,009.20	31.38%
Russell 1000 Value Index	1,961.63	20.39%
Russell 2000 Small Cap Index	2,434.73	20.11%
MSCI EAFE Index	2,315.77	3.56%
US 10 Year Treasury Yield	4.17%	+29 basis points
WTI Crude Oil	\$68.00	-5.09
Gold \$/Oz.	\$2,681.00	29.40%



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