

Beacon Weekly Investment Insights

After a brief respite following a post-election rally, U.S. stocks continued to march upward. The S&P 500 increased 1.7% last week, but several hitherto lagging equity indexes performed even better. The Russell 1000 Value Index rose 2.4% and the Russell 2000 Index of small-capitalization firms surged 4.5%. Several Federal Reserve governors were on the road last week making speeches, but intermediate to long-term interest rates and bonds were roughly flat. Turning to more speculative assets, Bitcoin moved within striking distance of reaching the psychologically important \$100,000 per coin threshold.

Despite the rally in stocks, the economic data released last week painted a mixed picture. The Consumer Sentiment measure produced by the University of Michigan was revised downward and remains in sluggish territory. The Conference Board's Leading Economic Index (LEI) also pointed to economic weakness. As we have discussed in past writings, LEI's forecast of economic weakness was likely partially offset by the massive stimulus unleashed on the U.S. economy after the pandemic. In contrast, S&P's Purchasing Managers Indexes (PMI) released last week pointed to near-term economic strength.

Speaking of strength, artificial intelligence titan, NVIDIA, reported earnings last week. Revenue almost doubled over the prior year and earnings for the quarter exceeded expectations by 8.6%. However, some analysts were unnerved by the deceleration in earnings growth forecasted for the period ahead. When all was said and done, NVIDIA ended the week roughly where it started and retained its crown as the most valuable stock in the world.

Also on the earnings front, it was a tale of two cities for Walmart and Target. Walmart announced stellar earnings and crowed about attracting a larger share of consumers with at least \$100,000 in income. Its stock increased a healthy 7.4% last week. In contrast, Target had a somewhat disastrous earnings report, due in part to market share gains from Walmart. It missed earnings expectations by almost 20% and forecasted a weak holiday season. Investors voted with their feet, sending Target's stock down 18% last week.

The economic calendar is shortened this week due to the Thanksgiving holiday on Thursday and the abridged trading day, which ends at 1 p.m. Eastern Standard Time, on Black Friday. Nevertheless, several meaningful economic reports will be released this week. The S&P Case-Shiller report on home prices will be released on Tuesday, providing a pulse on the housing market. Long-term interest rates have crept up roughly 0.75% over the past two months and may have begun to dampen the previously torrid rate of home appreciation.

The minutes of the most recent Federal Reserve Open Market Committee (FOMC) meeting will also be released on Tuesday. The official statement released subsequent to FOMC meetings is often a scant one page. The minutes contain additional detail and may provide a glimpse into future FOMC actions. The Personal Consumption Expenditures (PCE) report will be released on Wednesday and will likely garner the most attention from analysts. The PCE is reportedly the Fed's preferred inflation gauge. Currently, the odds of a December rate cut of 25bps are roughly a coin flip. A weak PCE reading will tilt the odds in favor of a cut while a strong report may encourage the Fed to remain patient. No meaningful economic reports are scheduled to be released on Thursday or Friday due to the Thanksgiving holiday, but anecdotal reports related to Black Friday spending will undoubtedly dribble out. All of us at Beacon wish you and your family a happy and healthy Thanksgiving.

Market Scorecard:	11/22/2024	YTD Price Change
Dow Jones Industrial Average	44,296.51	17.53%
S&P 500 Index	5,969.34	25.15%
NASDAQ Composite	19,003.65	26.60%
Russell 1000 Growth Index	3,967.55	30.01%
Russell 1000 Value Index	1,942.98	19.24%
Russell 2000 Small Cap Index	2,406.67	18.73%
MSCI EAFE Index	2,270.79	1.95%
US 10 Year Treasury Yield	4.410%	+54 basis points
WTI Crude Oil	\$71.18	-0.20
Gold \$/Oz.	\$2,718.20	31.20%



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