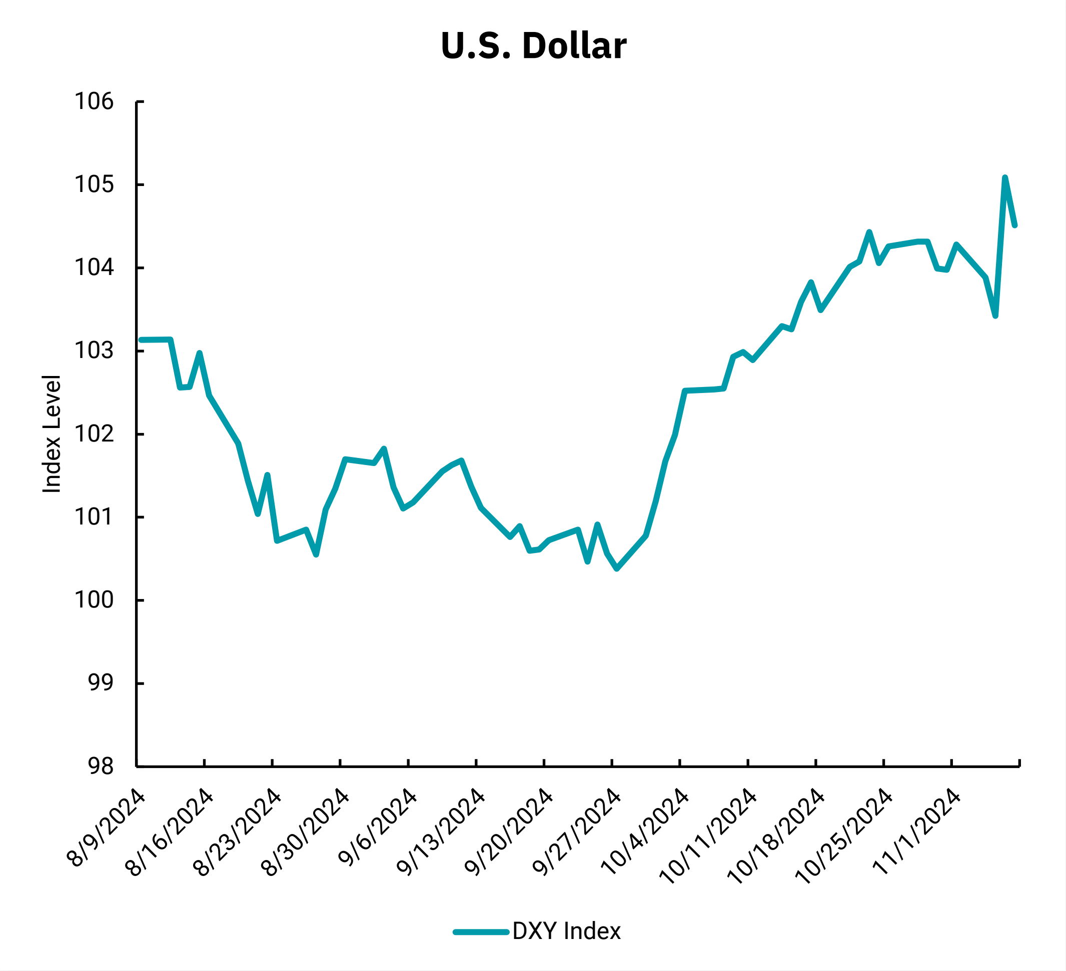
INVESTMENT MANAGEMENT

Weekly market update

Chart of the week (Nov. 8, 2024)



From time to time, concerns arise about the potential for the downfall of the dollar. On one hand, the dollar as a percentage of global currency reserves has fallen slightly in recent years. On the other hand, its standing as a bedrock of the global financial system is unrivaled. And so, put simply, the dollar reigns supreme and there is no real substitute. It's closest competitor, the euro, is just not close. This global dependence on the dollar provides many benefits to the U.S. that most other countries would like to possess.

In the wake of Tuesday's election, there is a sense of optimism surrounding economic growth that has translated to the performance of the dollar. From an economic perspective, if tax cuts are extended and there is less regulation, then, all else equal, in the short-run it's positive for growth. There are arguments about the long-run effects of these policies, but these policies will be additive to the current economic environment, bearing in mind that there could be additional stimulative measures as well.

Leading up to the election, the dollar rose significantly, possibly sensing a higher probability of a Trump victory, culminating in a spike the day following the election. The dollar has taken a bit back from its initial post-election move up but remains elevated looking back on the past three months.

However, currency markets are fickle, and while the dollar index (DXY) is well off its 2022 closing high of approximately 113, the recent movement upward bears observing. Does it mean that the inflationary effects of upcoming policies won't be as bad as some are suggesting but instead more growth inducing? It's certainly possible that we will have a relatively strong economic growth backdrop without a corresponding strong move in inflation. Still, that does not take away from the fact that the U.S. should address its fiscal position at some point down the road.

Other implications from a stronger dollar include potential headwinds for internationally-focused U.S. companies as our exports become more expensive on a relative basis. However, looking at the larger context of relatively stronger economic growth, the potentially positive effect on the equities market looks promising. In the long term, all these developments are of course, up for debate.

Source: Bloomberg.

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Commentary (Nov. 8, 2024)

Domestic Equities

- U.S. equities had a blockbuster week as investors cheered a swift and decisive end to the presidential election and another rate cut from the Fed. The Dow, S&P 500 and Nasdaq indices all reached new record highs.
- Small-cap stocks were the biggest winners for the week, with the Russell 2000 Index rising close to 8%. Investors believe small companies could benefit from Trump's proposed economic policies such as tax cuts and looser regulation. Small companies could also benefit from lower interest rates.
- Third-quarter earnings season is drawing to a close, with about 75% of companies beating expectations. The communication services, health care and technology sectors had the strongest results, while about half of materials companies missed expectations.

International Equities

- During the week, foreign investors largely stayed cautious as they assessed the outcomes from the U.S. presidential election, global central bank policy meetings and a fresh round of corporate earnings announcements.
- Developed markets struggled to gain traction, with solid performance in Japanese equities offset by weakness across multiple European markets. European central banks were active this week, as Sweden cut policy rates by 0.50%, the Bank of England cut by 0.25%, and Norway kept its benchmark rate at 4.5%.
- Emerging markets delivered mixed results across Asian and Latin American markets. New inflation data from Mexico showed headline inflation rose 4.76%, slightly above expectations, while South Korea's headline inflation advanced 1.3%, easing for the third straight month.

Bonds

- U.S. Treasury yields initially spiked higher on the U.S. election results. However, rates moved lower following the Federal Reserve cutting policy rates by 0.25% on Thursday. In the post-meeting press conference, Chair Powell indicated that he believes monetary policy remain restrictive despite the 0.25% cut, but refrained from giving any definitive guidance on additional rate cuts this year.
- U.S. investment-grade corporate bond spreads fell below 0.75%, their tightest level since 1998.
- In international markets, the central banks of England, Sweden and Brazil cut rates, while Norway and Australia left rates unchanged. Chinese officials announced a 10-trillion yuan program to help local governments refinance debt and pledged more forceful fiscal measures next year.

Economics

- On Thursday, the Federal Reserve cut the Fed Funds rate by 0.25%. This followed the 0.5% cut in September. The Fed noted that, while inflation has come down, there is a need to lower rates to counteract some softness in the labor market.
- For the week, jobless claims came in at 221,000, which was right in line with the consensus estimate. This week's figure was slightly above last week's revised number of 218,000.
- On Wednesday, the Consumer Price Index (CPI) year-over-year and core CPI will be released. Estimates are for CPI year-over-year to come in at around 2.4%. The Producer Price Index (PPI) will be released Thursday, and retail sales on Friday.

BOK FINANCIAL

Weekly Market Update

For Week Ending November 08, 2024

Markets

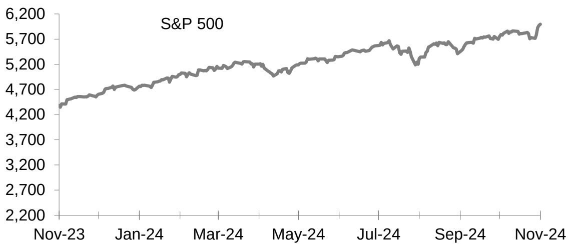
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	43,988.99	4.6%	18.5%	31.5%
S&P 500 Index	5,995.54	4.7%	27.2%	38.8%
NASDAQ Composite	19,286.78	5.8%	29.2%	42.4%
S&P 400 Midcap Index	3,297.36	6.3%	20.0%	37.5%
S&P 600 Smallcap Index	1,508.36	8.6%	16.1%	37.4%
MSCI EAFE	8,334.34	0.1%	7.1%	18.9%
MSCI Emerging Markets	604.82	1.2%	13.3%	21.4%
Bloomberg US Agg	2,209.47	0.8%	2.2%	8.0%
Bloomberg Municipal 5 Yr	495.55	0.2%	1.4%	5.2%
Bloomberg US Corporate	3,334.93	1.2%	3.5%	11.1%
Bloomberg Glb Agg ex US Hdg	586.71	0.2%	3.9%	8.1%
Bloomberg High Yield	2,685.17	0.7%	8.3%	14.7%
MSCI US REIT Index	2,452.25	3.5%	14.1%	32.7%
Bloomberg Commodity Index	235.58	0.2%	4.0%	1.0%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	4.75%	5.00%	5.50%	5.50%
3-Month Treasury	4.53%	4.50%	5.33%	5.39%
1-Year Treasury	4.26%	4.27%	4.76%	5.27%
2-Year Treasury	4.20%	4.21%	4.25%	4.84%
5-Year Treasury	4.17%	4.22%	3.85%	4.50%
7-Year Treasury	4.25%	4.31%	3.88%	4.56%
10-Year Treasury	4.33%	4.38%	3.88%	4.57%
30-Year Treasury	4.53%	4.58%	4.03%	4.77%
Consumer Rates				
30-Year Mortgage	7.20%	7.28%	6.99%	5.83%
Prime Rate	8.50%	8.75%	9.25%	9.25%
SOFR	4.60%	4.86%	5.38%	5.32%
Commodities				
Gold	2,706.71	2,736.53	2,062.98	1,992.65
Crude Oil (WTI)	72.36	69.49	71.65	75.75
Gasoline	3.10	3.11	3.12	3.43
Natural Gas	2.69	2.66	2.33	4.35
Copper	4.43	4.37	3.89	3.80

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	23.48	23.45	5.48	1.58
S&P 500	24.77	25.75	5.37	1.29
S&P 500 Value	18.70	18.72	2.94	2.25
S&P 500 Growth	32.26	34.90	12.44	0.62
NASDAQ	35.74	36.97	7.55	9.50
S&P Midcap 400	18.81	18.37	2.76	1.63
S&P Smallcap 600	18.54	18.26	2.00	2.26
MSCI EAFE	15.00	15.24	1.92	3.18
MSCI Emerging Markets	13.88	15.43	1.87	2.73

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	3.19	4.34	5.21
Mid	7.49	6.55	5.67
Small	9.92	8.45	6.96

\> 10%

0% - 10%

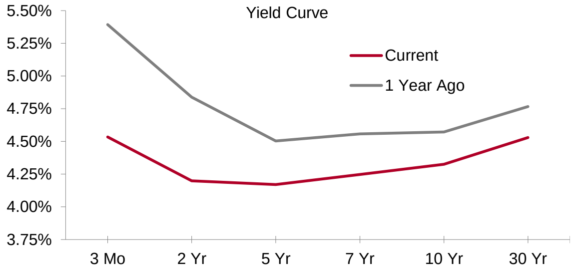
<0%

**S&P Indices*

Year to Date*

	Value	Core	Growth
Large	18.03	27.15	35.31
Mid	16.84	20.02	22.99
Small	13.52	16.09	18.52

Fixed Income Style



1 Month*

	Short	Interm.	Long
Govt	-0.16	-0.77	-2.31
Corp	0.04	-0.41	-1.03
HY	0.73	0.72	0.58
	1-3 Yrs	1-10 Yrs	+10 Yrs

\> 10%

0% - 10%

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Year to Date*

	Short	Interm.	Long
Govt	3.44	2.42	-2.60
Corp	4.74	4.49	1.66
HY	8.83	8.30	7.03
	1-3 Yrs	1-10 Yrs	+10 Yrs

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	2.4%	3.7%
CPI Core Inflation	3.3%	4.1%
Personal Consumption Exp (PCE) Core	2.7%	3.7%
Jobs		
Unemployment Rate (U3)	4.1%	3.8%
Broader Unemployment Rate (U6)	7.7%	7.2%
JOLT Survey (in millions)	7.44	9.31
Jobless Claims (000's)	221	216
Change in Non-Farm Payroll (000's)	12	165
Average Hourly Earnings (Y/Y % Change)	4.0%	4.3%
Consumer & Spending		
Consumer Confidence (Conf Board)	108.7	99.1
Consumer Spending ($ Bil)	20,024	19,025
Consumer Credit ($ Bil)	5,103	4,991
Retail Sales ($ Bil)	714	702
Housing		
Housing Starts (000's)	1,354	1,363
Case-Shiller Home Price Index	325.03	311.78
U.S. Productivity		
Real Gross Domestic Product ($ Bil)	23,386	22,781
Quarter over Quarter Change	2.8%	4.4%
Year Over Year Change	2.7%	3.2%
ISM Manufacturing	46.50	46.90
Capacity Utilization	77.49	78.93
Markit US Composite PMI	54.10	50.70
U.S. General		
Leading Economic Indicators	99.7	104.7
Trade Weighted Dollar Index	125.0	124.1
EUR / USD	1.08	1.07
JPY / USD	152.94	149.39
CAD / USD	0.72	0.73
AUD / USD	0.67	0.65

S&P 500 Sector Returns

	1 Month	YTD
Information Technology	4.14%	36.93%
Communication Services	5.15%	36.10%
Financials	8.44%	32.35%
Utilities	-0.40%	28.04%
Industrials	4.86%	25.99%
Consumer Discretionary	10.56%	23.60%
Consumer Staples	0.40%	16.75%
Energy	2.52%	15.21%
Real Estate	1.34%	12.33%
Materials	-0.39%	11.56%
Health Care	-1.08%	11.48%

Disclosures

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