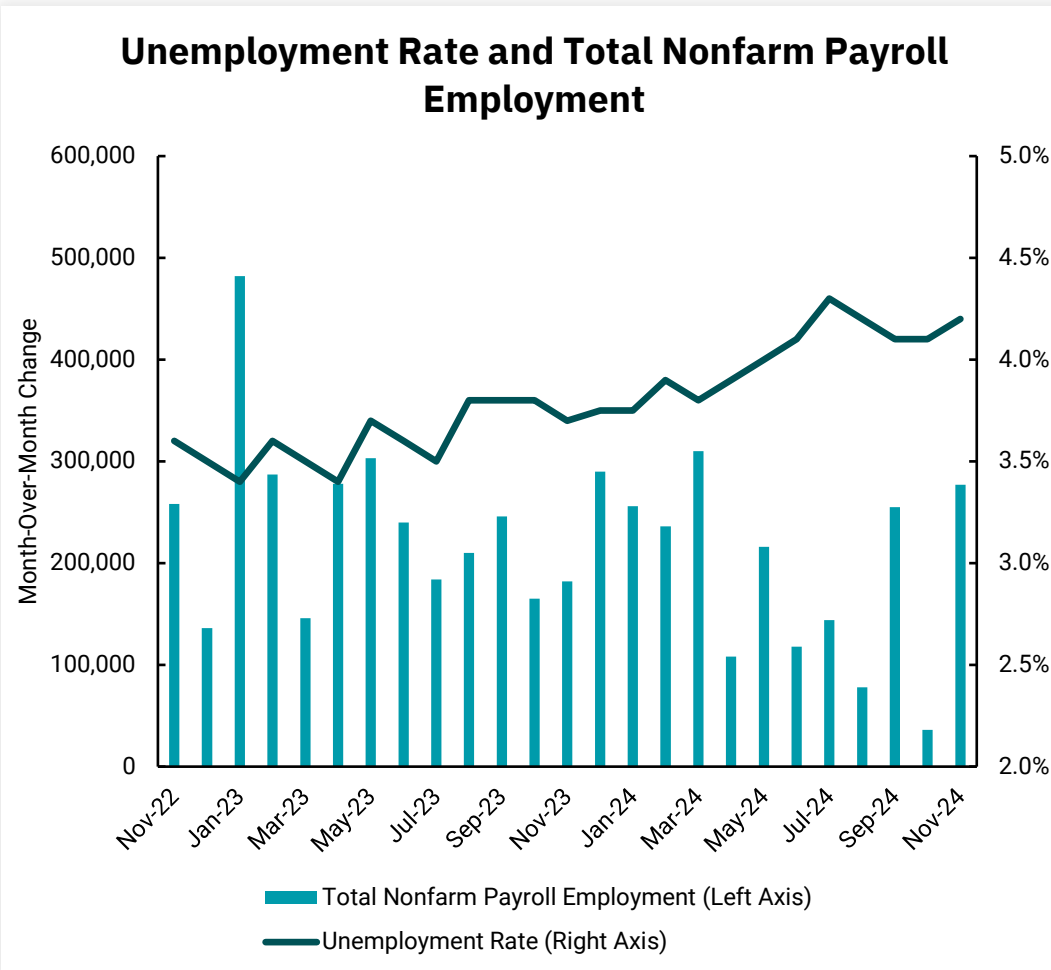


Weekly market update



Chart of the week (Dec. 6, 2024)



The health of the labor market is the number one factor in our outlook for economic growth. With around two-thirds of our GDP tied to consumer spending, a consumer with a job is vitally important.

The first week of the month is generally filled with employment data, which provides a glimpse into the job market. It starts with the release of the [Job Opening and Labor Turnover Survey \(JOLTS\)](#) which contains data on the number of open jobs and information on how many people are quitting and being hired. At the height of the pandemic, the labor market was a mess, with more than two open jobs for every unemployed person, leading to a significant level of turnovers and quits as employees were making job moves. Since then, the number of open jobs has declined, and turnover rates have slowed as the labor market has become more balanced. In addition, jobless claims are released weekly. These have remained very low for the size of our labor force. This might indicate that companies are reluctant to let people go as they remember how difficult hiring was during the pandemic.

However, the most important data release is from the [Department of Labor](#) on the first Friday of the month. This week's chart shows the number of new jobs reported each month and a line representing the headline unemployment rate. In short, the labor market's performance in the face of a Federal Reserve that raised interest rates by 5% since March of 2022 has been impressive. The chart shows the trend of positive job growth every month with an average of more than 150,000 new jobs reported even as the jobless rate has crept up to a reading of 4.2% this month.

In a speech this week, Fed Chair Powell indicated the economy was stronger than they anticipated only a few months ago, which might lead to a slower rate of decline in interest rates. While the job growth number was a bit better than expectations, with some upward revisions to the previous month's gains, another part of the report that caught our eye was average hourly earnings, a measure of wage gains within the jobs data. Average hourly earnings were reported a bit hotter than expected for the fourth month in a row, up 0.4% in November. This annualizes to a 4% rate of wage growth and will make it harder for the Fed to attain its 2% target on inflation.

A vibrant economy with a strong labor market and above-trend economic output is very good for us all. If this means interest rates must stay a touch higher than expected, which will impact borrowers from homebuyers to corporations, it might not be a bad outcome for the overall economy. Having said that, we will need to watch how policies on immigration and [tariffs](#) are implemented, which in turn could impact inflation. At present, the market does not seem concerned about that outcome, and we remain optimistic as we move into 2025.

Weekly market update



Commentary (Dec. 6, 2024)

Domestic Equities

- The first week of December looked a lot like the first half of the year for U.S. equities, with large-cap growth outperforming and small-cap stocks declining. The S&P 500, the Nasdaq Composite, and the Dow Jones Industrial Average all reached all-time highs during the week. Despite declining for the week, the Russell 2000 Index hit an all-time high on Monday, surpassing a level it has not seen since 2021.
- The Goldilocks jobs report out Friday helped spur investor optimism, with more jobs added than expected, showing economic strength. However, an increase in the unemployment rate raised expectations for a Fed rate cut this month.
- Retailers Lululemon and Ulta Beauty both raised their annual outlook this week, citing a strong start to the holiday season.

Bonds

- U.S. Treasury yields moved lower, and the yield curve bull-steepened with traders increasing Fed rate cut bets for December following the release of the November jobs report. Several Fed officials this week also indicated that additional cuts are likely needed.
- The cost to insure against credit risk in the high-yield market has continued to fall, with the spread on the Market CDX HY Index tightening to its lowest level since 2021.
- Mortgage rates in the U.S. moved lower for the week, with the national average on a 30-year fixed-rate mortgage dropping back below 7%.
- The yield spread between 10-year French and German sovereign bonds reached its widest level since 2012 over political uncertainty in France.

International Equities

- Foreign investors looked past the geopolitical concerns in the Middle East and Ukraine and the political chaos in South Korea and France to drive stock prices higher.
- Developed markets rallied for the second straight week as key markets across Europe and Japan rose in value. In economic news, Australia's gross domestic product (GDP) rose 0.3% in the three months through September, which grew slower than expected, as elevated borrowing costs and inflation continue to be headwinds for its economy.
- Emerging markets regained some momentum this week as nearly every market posted gains. New GDP data showed that Brazil's economy expanded 0.9% in the third quarter, bolstered by strong consumer and government spending. Meanwhile, India's economy grew 5.4%, the lowest quarterly growth rate since the fourth quarter of 2022 and substantially below their central bank's expectation of 7%.

Economics

- Friday's employment report showed an increase of 227,000 jobs in November. This was slightly ahead of expectations of 211,000 and marked a material increase from October's report, which was revised to 37,000. As a result of the report, the unemployment rate ticked up slightly to 4.2% from 4.1% the previous month. Investors viewed this report positively, as it likely gives the Federal Reserve room to cut interest rates later this month.
- On Thursday, jobless claims came in at 224,000. This was slightly higher than expectations for 215,000 and higher than last week's reading of 213,000.
- The Consumer Price Index (CPI) will be released on Wednesday. This will be another important indicator for the Fed as they evaluate possible rate cuts in December.

Weekly Market Update

For Week Ending December 06, 2024

Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	44,642.52	-0.5%	20.6%	26.1%
S&P 500 Index	6,090.27	1.0%	29.3%	35.7%
NASDAQ Composite	19,859.77	3.4%	33.2%	41.4%
S&P 400 Midcap Index	3,331.37	-1.0%	21.4%	29.8%
S&P 600 Smallcap Index	1,510.70	-1.4%	16.4%	28.2%
MSCI EAFE	8,410.92	1.7%	8.1%	13.1%
MSCI Emerging Markets	588.76	2.5%	10.3%	16.0%
Bloomberg US Agg	2,235.47	0.5%	3.4%	5.8%
Bloomberg Municipal 5 Yr	499.52	0.3%	2.2%	3.3%
Bloomberg US Corporate	3,371.31	0.5%	4.7%	7.4%
Bloomberg Glb Agg ex US Hdg	595.05	0.3%	5.3%	7.0%
Bloomberg High Yield	2,705.95	0.4%	9.1%	12.3%
MSCI US REIT Index	2,438.13	-2.5%	13.4%	21.4%
Bloomberg Commodity Index	234.83	-0.6%	3.7%	5.2%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	4.75%	4.75%	5.50%	5.50%
3-Month Treasury	4.39%	4.49%	5.33%	5.39%
1-Year Treasury	4.18%	4.28%	4.76%	5.07%
2-Year Treasury	4.10%	4.15%	4.25%	4.59%
5-Year Treasury	4.04%	4.05%	3.85%	4.10%
7-Year Treasury	4.08%	4.10%	3.88%	4.14%
10-Year Treasury	4.15%	4.17%	3.88%	4.10%
30-Year Treasury	4.34%	4.36%	4.03%	4.21%

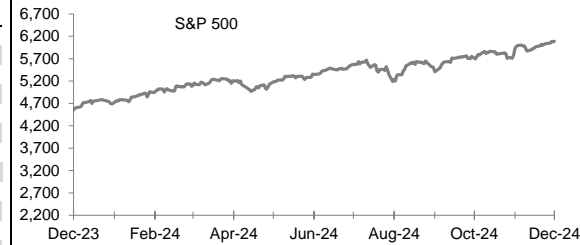
	Last Price/Yield	Prior Week	Year End	Year Ago
Consumer Rates				
30-Year Mortgage	6.95%	7.12%	6.99%	5.83%
Prime Rate	8.50%	8.50%	9.25%	9.25%
SOFR	4.60%	4.59%	5.38%	5.32%

	Last Price	Prior Week	Year End	Year Ago
Commodities				
Gold	2,633.37	2,643.15	2,062.98	2,025.55
Crude Oil (WTI)	67.20	68.00	71.65	69.08
Gasoline	3.02	3.06	3.12	3.20
Natural Gas	3.08	3.36	2.33	3.96
Copper	4.20	4.14	3.89	3.84

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	23.79	22.82	5.43	1.56
S&P 500	25.15	25.52	5.29	1.27
S&P 500 Value	18.84	18.86	2.97	2.24
S&P 500 Growth	33.03	34.01	11.98	0.60
NASDAQ	36.29	37.55	7.31	256.41
S&P Midcap 400	18.89	18.65	2.74	1.61
S&P Smallcap 600	18.93	18.61	2.03	2.25
MSCI EAFE	15.06	14.28	1.84	3.14
MSCI Emerging Markets	13.62	13.81	1.73	2.80

Source: Bloomberg

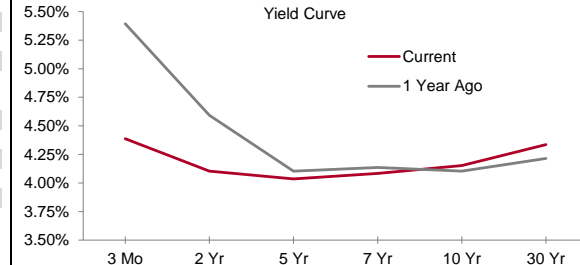
Equity Style



1 Month*			Year to Date*			
Value	Core	Growth	Value	Core	Growth	
Large	0.38	2.88	4.75	18.13	29.33	39.25
Mid	1.23	1.52	1.80	18.24	21.45	24.43
Small	0.35	0.14	-0.09	14.23	16.44	18.48

*S&P Indices

Fixed Income Style



1 Month*			Year to Date*			
Short	Interm.	Long	Short	Interm.	Long	
Govt	0.65	1.23	4.63	4.03	3.31	-0.33
Corp	0.71	1.44	3.79	5.33	5.38	3.24
HY	0.86	1.27	2.41	9.49	9.13	8.57

1-3 Yrs 1-10 Yrs +10 Yrs

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	2.6%	3.2%
CPI Core Inflation	3.3%	4.0%
Personal Consumption Exp (PCE) Core	2.8%	3.4%

	Last Release	Year Ago
Jobs		
Unemployment Rate (U3)	4.2%	3.7%
Broader Unemployment Rate (U6)	7.8%	7.0%
JOLT Survey (in millions)	7.74	8.69
Jobless Claims (000's)	224	216
Change in Non-Farm Payroll (000's)	227	182
Average Hourly Earnings (YY % Change)	4.0%	4.3%

	Last Release	Year Ago
Consumer & Spending		
Consumer Confidence (Conf Board)	111.7	101.0
Consumer Spending (\$ Bil)	20,100	19,070
Consumer Credit (\$ Bil)	5,113	5,000
Retail Sales (\$ Bil)	719	699

	Last Release	Year Ago
Housing		
Housing Starts (000's)	1,311	1,365
Case-Shiller Home Price Index	324.80	312.63

	Last Release	Year Ago
U.S. Productivity		
Real Gross Domestic Product (\$ Bil)	23,387	22,781
Quarter over Quarter Change	2.8%	4.4%
Year Over Year Change	2.7%	3.2%
ISM Manufacturing	48.40	46.60
Capacity Utilization	77.13	78.27
Markit US Composite PMI	54.90	50.70

	Last Release	Year Ago
U.S. General		
Leading Economic Indicators	99.5	103.8
Trade Weighted Dollar Index	126.8	120.1
EUR / USD	1.06	1.08
JPY / USD	150.00	147.31
CAD / USD	0.71	0.74
AUD / USD	0.64	0.65

S&P 500 Sector Returns

	1 Month	YTD
Communication Services	4.85%	40.95%
Information Technology	3.47%	39.58%
Financials	1.69%	35.70%
Consumer Discretionary	11.77%	34.61%
Utilities	2.78%	28.97%
Industrials	-0.61%	24.70%
Consumer Staples	4.70%	20.05%
Real Estate	2.67%	12.10%
Energy	-3.08%	11.51%
Materials	-2.97%	8.70%
Health Care	-2.54%	7.15%

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