U.S. Market & Economic Commentary

The Markets
Both equities and fixed income rallied in November, driven by the results of the US presidential election and another interest rate cut by the US Federal Reserve.

Market Indices	November 2024	Year-to-Date
Dow Jones Industrial Average	7.5%	19.2%
S&P 500 Index	5.7%	24.5%
NASDAQ Composite	6.2%	28.0%
MSCI World Index	4.5%	20.2%
Bloomberg US Aggregate Bond Index	1.1%	2.9%
Bloomberg Global Aggregate Bond Index	1.2%	4.2%

The Economy
November's reports showed the US maintaining a steady economic expansion by most indicators. The finalized report for GDP showed the economy growing at an annualized 3.1 percent, slightly up from the 3.0 percent recorded in Q2. Consumer Spending and Core Retail Sales also continue to grow, with monthly increases of 0.4 percent and 0.2 percent, respectively. However, the ISM Purchasing Manager's Index (PMI) continues to suggest that the manufacturing sector is in contraction with consistent readings below 50.0 (a reading above 50.0 suggests an expansion in the sector, while a reading below 50.0 suggests a contraction).

Regarding the job market, Nonfarm Payrolls increased by an 8-month high of 227k despite a slight rise in the unemployment rate to 4.2 percent. Moreover, the number of job openings increased by 3.3 percent while wages increased by 0.4 percent over the prior month, suggesting a cooler but firm labor market. American citizens were also optimistic about the current labor market, leading to a 10-month high of 112.8 for the Conference Board's Consumer Confidence Index. On the other hand, the University of Michigan's Consumer Sentiment Index showed a much smaller increase as survey respondents held partisan views stemming from the US presidential election results.

As for inflation, recent reports show price trends stabilizing at a steady pace. The Consumer Price Index (CPI) has remained within the 2 – 3 percent range for the past six months, with November's reading landing at 2.7 percent. The Core CPI (excluding volatile components such food and energy) has also remained stable over the same period, albeit slightly higher at 3.3 percent. With inflation now appearing more tolerable, the US Federal Reserve further reduced its benchmark interest rate by 0.25 percent.

Lastly, the housing market showed an overall increase in activity during the month, possibly due to interest rates stabilizing. Building permits accelerated by 5.2 percent, while both existing home sales and new home sales increased, rising by 4.8 percent and 5.9 percent, respectively. However, housing starts slumped for a third consecutive month, slowing by 1.8 percent.