For Week Ending November 22, 2024

AMJ Financial Wealth Management

MARKET VIEW WEEKLY

brought to you by Philip Blancato, Osaic's Chief Market Strategist

ECONOMIC REVIEW[1]

- Housing starts declined 3.1% last month to a 1.311 million annual rate, missing consensus expectations of 1.334 million for October.
    - A 6.9% fall in single-family construction drove total starts lower, as multi-family starts rose in the month.
        - Building in the South (the region with the most homebuilding in the country) was delayed in the wake of hurricanes Milton and Helene, and the region led all others with an 8.8% drop.
    - In the past year, single-family starts are down 0.5% while multi-family starts are down 12.6%.
- Existing home sales improved 3.5% in October to a 3.960 million annual rate, edging out the consensus expected 3.930 million and the 6-month moving average.
    - Sales are up 2.9% in the last year, but 30-year fixed mortgage rates moved back above 7% and sales activity remains near post-Great Financial Crisis (GFC) lows.
    - Home prices also increased – the median price of an existing home rose to $407,200 last month and is up 4.0% in the last year.
- The Conference Board Leading Economic Index (LEI) decreased by 0.4% in October, continuing a decline over the last six months in which LEI has fallen 2.2%.
    - Negative yield spread continued to weigh on the index and manufacturing hours worked fell by the most since December 2023, but the largest negative contributor to the decline was manufacturer new orders.
- The final reading of the University of Michigan Consumer Sentiment index was revised lower to 71.8 in November from a previous reading of 73.
    - This marks the highest final reading in seven months, extending a short run of improving consumer sentiment to four months.

How do housing data, LEI, and consumer sentiment impact you?

- Despite headline weakness in homebuilding, most of the pullback was contained within the seasonally affected Northeast and weather-affected South.
    - Broadly, however, the housing market – both starts and existing home sales – appears "stuck in low-gear."[2]
    - Starts are down 4.0% in the last year and sit roughly at 2019 levels, and existing home sales have been propped up by sales of homes priced at $1 million and above, which have risen 23% from a year ago while sales for all other homes improved just 2.9%.
- LEI has been in continuous freefall since early 2022, though largely due to less relevant manufacturing data.
- Improving consumer sentiment is positive for markets, but substantial economic uncertainty still remains.

A LOOK FORWARD[1]

- A few impactful economic data releases highlight a shortened week due to the Thanksgiving holiday: Minutes of the Federal Reserve's (Fed's) November Federal Open Market Committee (FOMC) meeting, the first revision of Q3 Gross Domestic Product (GDP), and the Personal Consumption Expenditures (PCE) Price Index.

How do Fed minutes, GDP, and PCE data impact you?

- The Fed's preferred inflation gauge and details of FOMC discussions are crucial for the path of interest rates.

MARKET UPDATE[3]

Market Index Returns as of 11/22/2024	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	1.72%	3.79%	26.70%	32.85%	10.06%	15.75%
NASDAQ	1.77%	4.58%	27.41%	34.18%	7.25%	18.33%
Dow Jones Industrial Average	2.03%	4.88%	19.49%	27.97%	9.54%	11.98%
Russell Mid-Cap	3.73%	7.24%	22.93%	34.25%	6.02%	12.08%
Russell 2000 (Small Cap)	4.49%	8.08%	20.15%	35.93%	2.59%	10.13%
MSCI EAFE (International)	0.00%	-7.67%	4.32%	10.59%	2.20%	5.61%
MSCI Emerging Markets	0.23%	-7.15%	8.50%	12.65%	-2.14%	3.20%
Bloomberg Barclays US Agg Bond	0.19%	-2.80%	1.52%	6.22%	-2.03%	-0.26%
Bloomberg Barclays High Yield Corp.	0.28%	0.16%	8.18%	13.31%	3.39%	4.71%
Bloomberg Barclays Global Agg	-0.13%	-4.74%	-1.31%	3.74%	-4.16%	-1.77%

OBSERVATIONS

- Down-cap stocks, particularly small-caps turned in a very strong week with the Russell 2000 improving 4.49% in the last five trading days.
    - Mid Cap stocks also performed well, rising 3.73%.
- Major indices had a solid week as well, with the Dow Jones Industrial Average (2.03%) just beating the NASDAQ (1.77%) and S&P 500 Index (1.72%).
- International developed stocks were flat on the week, and emerging markets improved marginally (0.23%).
- The Bloomberg US Aggregate Bond Index gained 0.19% but lagged High Yield corporates (0.28%) as yields fell and bond prices rose to end the week.
- Global bonds were the only major asset class with negative returns last week, falling -0.13%.

BY THE NUMBERS

- **Scott Bessent Sees a Coming 'Global Economic Reordering.' He Wants to Be Part of It:** Scott Bessent spent the past 40 years studying economic history. Now, as Donald Trump's choice to lead the Treasury Department, he has the chance to make his mark on it. As a hedge-fund manager, first at George Soros's firm and later at his own, Bessent specialized in macro investing, or analyzing geopolitical situations and economic data to wager on big-picture market moves. He generated billions of dollars in profits betting on and against currencies, interest rates, stocks and other asset classes around the world. He was motivated to step out from behind his desk and get involved with Trump's campaign in part because of a view that time is running out for the U.S. economy to grow its way out of excessive budget deficits and indebtedness…. In his first interview following his selection, Bessent said his policy priority will be to deliver on Trump's various tax-cut pledges. Those include making his first-term cuts permanent, and eliminating taxes on tips, social-security benefits and overtime pay. Enacting tariffs and cutting spending will also be a focus, he said, as will be "maintaining the status of the dollar as the world's reserve currency."[4]

- **If Inflation is Back, Protecting against It Won't Be Simple:** With a strong economy and an incoming president promising tax cuts and tariffs, investors and economists are rightly worrying that inflation might make a comeback. Unfortunately, one of the standard ways to guard against it—buying commodities, especially oil—offers less protection than usual. The twin inflation risks are well understood: Supply shocks and demand surges. War in the Middle East has the potential to threaten energy supplies, while tax cuts into an economy with near-full employment ought to lift prices. The extra threats to inflation don't fit either model, though. Tariffs and deportations would both be likely to push up inflation, but would also hit the economy. "Commodities won't protect you from that," says Christian Mueller-Glissmann, head of asset allocation research at Goldman Sachs.[5]

Economic Definitions

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Housing Starts: Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

Existing Home Sales: This concept tracks the sales of previously owned homes during the reference period. Total existing home sales include single-family homes, townhomes, condominiums and co-ops. All sales are based on closings from Multiple Listing Services.

Conference Board Leading Economic Index: Leading indicators include economic variables that tend to move before changes in the overall economy. These indicators give a sense of the future state of an economy.

University of Michigan Consumer Sentiment Index: Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: representative sample of US households (excluding Alaska and Hawaii). Surveys of Consumers collects data on consumer attitudes and expectations summarized in the Consumer Sentiment, in order to determine the changes in consumers' willingness to buy and to predict their subsequent discretionary expenditures. This Index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Components of the Index of Consumer Sentiment are included in the Leading Indicator Composite Index. Unit: Index (Q1 1966=100)

Gross Domestic Product (GDP): Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

Personal Consumption Expenditures (PCE – Headline & Core): PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

Disclosures

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance cannot guarantee future results.

The statements provided herein are based solely on the opinions of the Osaic Research Team and are being provided for general information purposes only. Neither the information nor any opinion expressed constitutes an offer or a solicitation to buy or sell any securities or other financial instruments. Any opinions provided herein should not be relied upon for investment decisions and may differ from those of other departments or divisions of Osaic Wealth, Inc., or its affiliates. Certain information may be based on information received from sources the Osaic Research Team considers reliable; however, the accuracy and completeness of such information cannot be guaranteed.

Certain statements contained herein may constitute “projections,” “forecasts” and other “forward-looking statements” which do not reflect actual results and are based primarily upon applying retroactively a hypothetical set of assumptions to certain historical financial information. Any opinions, projections, forecasts and forward-looking statements presented herein reflect the judgment of the Osaic Research Team only as of the date of this document and are subject to change without notice. Osaic has no obligation to provide updates or changes to these opinions, projections, forecasts and forward-looking statements. Osaic is not soliciting or recommending any action based on any information in this document.

Securities offered through **Osaic Wealth, Inc.** member FINRA/SIPC.
Investment advisory services offered through AMJ Financial Wealth Management, a registered investment adviser.
Osaic Wealth is separately owned and other entities and/or marketing names, products or services referenced here are independent of **Osaic Wealth**.

---

[1] Data obtained from Bloomberg as of 11/22/2024.
[2] First Trust - Oct Housing Starts
[3] Data obtained from Morningstar as of 11/22/2024.
[4] Scott Bessent Sees a Coming ‘Global Economic Reordering.’ He Wants to Be Part of It.
[5] If Inflation Is Back, Protecting Against It Won’t Be Simple