

MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- The NFIB Small Business Confidence index rose by 2.2 points to 93.7, matching its highest level since early 2022.
 - Nine out of ten components improved with a significant 7-point rise in the outlook for business conditions, nearing a net-positive reading for the first time since the prior Trump administration.
- The headline Consumer Price Index (CPI) increased by 0.2% in October, aligning with market expectations.
- The core CPI (which excludes food and energy) rose 0.3%, matching the consensus estimate and maintaining its pace from the previous two months.
- On a year-over-year basis, headline CPI rose by 2.6% while core CPI increased 3.3%, both in line with forecasts.
 - Rising used car prices, shelter costs, and health insurance premiums were key drivers of inflation, while core goods prices, excluding used cars, declined, reflecting broad disinflation in that segment.
- The Producer Price Index (PPI) rose by 0.2% in comparison to the previous month, aligning with market expectations.
- The core PPI (excluding food and energy) increased by 0.3%, surpassing the forecast of 0.2%.
 - On a year-over-year basis, the PPI climbed 2.4%, slightly above the consensus estimate of 2.3%, while core PPI rose 3.1%, exceeding the anticipated 3.0%.
- Retail sales rose by 0.4% in October, exceeding market expectations of a 0.3% increase.
 - Sales excluding autos and gas climbed 0.1%, falling short of the anticipated 0.3% gain. The control group sales, which exclude categories like auto, gas, and food services, declined by 0.1%, missing forecasts of a 0.3% rise.

How does this most recent economic data impact you?

- The rise in small business optimism is attributed mainly to the political climate ahead of the election, with expectations bolstered by the prospect of a pro-business GOP agenda.
- US inflation data showed limited progress in October, with core inflation maintaining a firm trajectory. Persistent shelter cost increases and a rebound in used car prices signal lingering inflationary pressures, even as goods disinflation continues in other areas. Producer prices showed modest increases in October, reflecting a continuation in underlying inflation pressures. Gains in services such as portfolio management fees and goods prices contributed to the uptick, highlighting challenges in supply chain management and the potential for volatility amid tariff concerns.
- Retail sales showed resilience in October, bolstered by solid auto purchases and upward revisions to September data. However, the decline in control group sales and weaker gains in broader categories signal a potential slowdown in consumer spending heading into the holiday season.



A LOOK FORWARD¹

- This week, investors will focus on Housing Starts, Existing Home Sales, the Leading Economic Index (LEI), and the University of Michigan Consumer Sentiment Index.

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

- The upcoming economic data will offer critical insights into the economy's momentum and consumer confidence. Strong housing data could indicate resilience in the real estate market despite higher rates, while weaker figures may highlight affordability challenges in cooling demand.



MARKET UPDATE²

Market Index Returns as of 11/15/2024	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-2.05%	2.03%	24.56%	32.03%	9.37%	15.29%
NASDAQ	-3.13%	2.76%	25.20%	33.29%	6.19%	17.87%
Dow Jones Industrial Average	-1.17%	2.79%	17.11%	26.63%	8.51%	11.44%
Russell Mid-Cap	-1.60%	3.38%	18.50%	31.25%	3.91%	11.21%
Russell 2000 (Small Cap)	-3.96%	3.44%	14.99%	31.72%	0.01%	9.06%
MSCI EAFE (International)	-2.57%	-7.67%	4.32%	12.32%	1.49%	5.48%
MSCI Emerging Markets	-4.45%	-7.36%	8.26%	13.15%	-3.11%	3.15%
Bloomberg Barclays US Agg Bond	-0.85%	-2.98%	1.33%	6.53%	-2.20%	-0.24%
Bloomberg Barclays High Yield Corp.	-0.36%	-0.11%	7.88%	13.61%	3.08%	4.61%
Bloomberg Barclays Global Agg	-1.25%	-4.61%	-1.18%	4.44%	-4.30%	-1.72%



OBSERVATIONS

- The S&P 500 fell -2.05%, the Dow Jones Industrial Average declined -1.17%, and the NASDAQ dropped -3.13% as concerns over higher interest rates, cautious signals from the Federal Reserve, and mixed corporate earnings weighed on investor sentiment.
- Mid Cap stocks fell -1.60%, while small cap stocks underperformed significantly, dropping -3.96%.
- International markets fell -2.57% while emerging markets dropped -4.45%, driven by global economic concerns, a stronger U.S. dollar, and investor caution surrounding geopolitical risks.
- The Bloomberg US Aggregate declined by -0.85%, reflecting rising yields and falling bond prices. Global bonds dropped by -1.25%, driven by global rate volatility and a strong US dollar.
 - The Bloomberg High Yield Corp index fell by -0.36% as riskier credit markets faced pressure amid broader market uncertainty.



BY THE NUMBERS

- **A Bust Was Used As A Door Stopper:** An 18th-century marble bust previously purchased for just over \$6 could generate \$3 million in revenue for a town in Scotland in need. French sculptor Edmé Bouchardon created the bust, a likeness of Sir John Gordon. Gordon was a landowner who was thought to be the founder of the town of Invergordon, according to the Highland Council, the local government. The Invergordon Common Good Fund owns the bust, which was purchased in 1930 for about \$6.35. Today, sculptures by Bouchardon are worth much more, the Highland Council said, adding that the bust of Gordon is worth more than \$3.1 million. The council said the bust was made while Bouchardon was living in Rome on a grand tour. At one point, townspeople decided to put the bust on public display, possibly in town hall, the council said on its website.³
- **A 41-Million-Digit Prime Number:** Imagine a number made up of a vast string of ones: 1111111...111. Specifically, 136,279,841 ones in a row. If we stacked that many sheets of paper, the resulting tower would stretch into the stratosphere. If we write this number in a computer in binary form (using only ones and zeroes), it will fill up only about 16 megabytes, no more than a short video clip. Converting to the more familiar way of writing numbers in decimal, this number – it starts out 8,816,943,275... and ends ...076,706,219,486,871,551 – would have more than 41 million digits. It would fill 20,000 pages in a book. Another way to write this number is $2^{136,279,841} - 1$. There are a few unique things about it. First, it's a prime number (meaning it is only divisible by itself and one). Second, it's what is called a Mersenne prime. And third, it is to date the largest prime number ever discovered in a mathematical quest with a history going back more than 2,000 years.⁴

Economic Definitions

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

Producer Prices - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

NFIB Small Business Optimism Index: This index measures the level of confidence and outlook among small business owners regarding economic conditions, business growth, and operating environment. Published monthly by organizations like the National Federation of Independent Business (NFIB), the index tracks factors such as expectations for sales, hiring plans, inventory levels, and economic policy impact. A higher index score indicates greater optimism and positive sentiment about future business conditions, while a lower score signals caution or pessimism among small business owners.

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)

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.

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¹ Data obtained from Bloomberg as of 11/15/2024.

² Data obtained from Morningstar as of 11/15/2024.

³ [A Bust Was Used as a Door Stopper | www.usatoday.com](https://www.usatoday.com)

⁴ [A 41 Million Digit Prime Number | theconversation.com](https://theconversation.com)