

MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- The Gross Domestic Product's (GDP) second estimate was unchanged for the third quarter at a reading of 2.8% on an annualized basis.
 - Consumer spending was revised slightly downward, but was offset by stronger non-residential investment, federal government spending, and inventories.
- Corporate profits, which are also released with GDP, were flat in the third quarter, after a strong second quarter which saw profits rise 3.5%.
- The Personal Consumption Expenditures Price Index (PCE) rose 2.3% which was an increase from the previous reading of 2.1%, but in-line with analyst expectations.
 - On a month-over-month basis, the headline reading rose 0.2%, which mimicked the previous month's reading.
- Core PCE, which excludes volatile food and energy categories, rose 2.8% year-over-year, and 0.3% on a monthly basis.
 - The lower figures from energy prices contribute to the lower headline reading, while core services continue to keep core inflation stubbornly elevated.
 - The Federal Reserve (Fed) targets 2% inflation as measured by core PCE. The most recent reading showed an acceleration from last month's reading of 2.7% and remains above the Fed's mandated target.

How does GDP and PCE impact you?

- Moderating but elevated inflation has been a hallmark of the past two years despite interest rates being near a two-decade high.
 - As the Fed begins to cut interest rates, their pace will be decided by how both the economy and inflation come into fruition.
 - The Fed's mandate is to keep prices stable (inflation low) and maintain maximum employment which implies keeping the economy strong.
 - A shock to either reading could have adverse implications for interest rates, and asset prices in general.
- The Fed is continuing to wait for moderation in specific areas of inflation such as shelter and insurance costs that have belabored consumers.



A LOOK FORWARD¹

- Investors will look towards this week's jobs report which contains data like the unemployment rate, and non-farm payrolls added or subtracted from the workforce.
- This week will also provide investors with the Manufacturing and Non-Manufacturing ISM indices, which should give key insights into the health of the manufacturing and services base of the economy.

How does PMI and the jobs report data impact you?

- One of the main reasons that the U.S. economy has remained resilient is because of the continued strong hiring trends which keep consumers well capitalized.
- Another key strength of the U.S. economy has been the services sector which PMI can give critical insights into.



MARKET UPDATE²

Market Index Returns as of 11/29/2024	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	1.08%	4.91%	28.07%	33.89%	11.43%	15.76%
NASDAQ	1.14%	5.77%	28.86%	36.05%	8.20%	18.19%
Dow Jones Industrial Average	1.44%	6.39%	21.21%	27.19%	11.44%	12.13%
Russell Mid-Cap	0.93%	8.24%	24.07%	33.66%	7.77%	12.04%
Russell 2000 (Small Cap)	1.19%	9.37%	21.58%	36.43%	4.96%	9.89%
MSCI EAFE (International)	1.84%	-5.97%	6.24%	11.88%	4.15%	5.88%
MSCI Emerging Markets	-0.79%	-7.88%	7.65%	11.86%	-1.27%	3.20%
Bloomberg Barclays US Agg Bond	1.39%	-1.45%	2.93%	6.88%	-1.95%	-0.01%
Bloomberg Barclays High Yield Corp.	0.44%	0.60%	8.66%	12.71%	3.70%	4.72%
Bloomberg Barclays Global Agg	1.80%	-3.02%	0.47%	4.64%	-3.87%	-1.42%



OBSERVATIONS

- Equities broadly performed well in the shortened trading week with the blue-chip oriented Dow Jones leading major U.S. indices up 1.44%.
 - The NASDAQ and S&P 500 followed suit, ending the week up 1.14%, and 1.08%, respectively.
- Small cap stocks continued to perform well, outpacing both the S&P 500, and the NASDAQ, rising 1.19%.
- International developed stocks rose 1.84%, but emerging markets stocks fell -0.79%, the only major asset class to fall on the week.
- The Bloomberg US Aggregate Bond Index gained 1.39%, which outperformed high yield corporate bonds as yields fell domestically and abroad.
 - Global bonds led the fixed income asset class, rising 1.80% on the week.



BY THE NUMBERS

- **Online Shoppers Set Thanksgiving Day Spending Record After Big Discounts:** Holiday shoppers got an early jump on Black Friday shopping this year, spending a record \$6.1 billion on Thanksgiving, according to Adobe Analytics. Sales on the holiday increased year-over-year by 8.8%, a jump from 2023, which saw Thanksgiving sales climb by 5.5% as consumers looked to keep stretching their dollar. Toys were popular with parents with discounts peaking at 27.2%, and electronics, which are expected to be more popular this weekend as people look for TV and computer upgrades, made up more than 26.5% of sales. Mobile shopping, meanwhile, also hit an all-time high. Shoppers found their phones were more convenient than their computers to make purchases this year, making up almost 60% of online sales. The \$3.6 billion in online sales showed a 10.5% increase year-over-year. The “Buy Now, Pay Later” installment payment plan options gained more popularity as well, driving \$430 million in online spending. Adobe projects that will grow even more on Black Friday and Cyber Monday, another year-over-year increase from the payment option’s all-time high last year, as shoppers continue to look for ways to manage their budgets.³
- **Spirit Airlines Files for Bankruptcy:** Spirit airlines is known for being the lowest cost provider of airfare in the U.S. and has been under financial pressures since the pandemic. The airline plans to release a restructuring package in the first quarter of 2025 that will include equity and debt issuance. Chapter 11 bankruptcies in the airline industry are much less stigmatized as opposed to other markets with 6 of the 12 currently chartered airlines having filed for bankruptcy at some point in the past, including the ‘big three’ (Delta, American Airlines, and United), and there have been 274 filings since 1978. Spirit initially tried to avoid bankruptcy via acquisition from JetBlue, but the government intervened and blocked the merger on anti-competitive grounds.⁴

Economic Definitions

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

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.

ISM Manufacturing Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

ISM Services Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc. Target Audience: supply management professionals Sample Size: 300 individuals Date of Survey: through the month The Services Index is a composite index of four indicators with equal weights: Business Activity, New Orders, Employment and Supplier Deliveries. An index reading above 50% indicates an expansion and below 50% indicates a decline in the non-manufacturing economy. Whereas per Supplier Deliveries Index, above 50% indicates slower deliveries and below 50% indicates faster deliveries.

Non-farm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

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.

Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

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 11/29/2024.

² Data obtained from Morningstar as of 11/29/2024.

³ [Bigger-than-expected discounts led to another holiday spending surge | CNN Business](#)

⁴ [Spirit Airlines' bankruptcy is a bullet dodged for passengers everywhere](#)