

# November 2024 Recap

## Global Market Commentary – A Solid November

### Global Markets Solid in November

U.S. equities generally delivered robust performance in November, with major indices rallying on improved investor sentiment following the U.S. presidential election. The DJIA and the S&P 500 posted solid monthly gains, reflecting renewed confidence in the broader economy. The NASDAQ, while advancing, saw more tempered growth as investors began rotating out of high-flying technology names.

In contrast, the Russell 2000 surged over 10%, underscoring a strong appetite for small-cap stocks, which tend to benefit from domestic economic optimism. This rally in small caps marked a significant shift, as these companies had been lagging behind their larger peers for most of 2024.

For the month of November:

- The DJIA jumped 6.0%;
- The S&P 500 advanced 3.2%;
- NASDAQ gained 2.3%; and
- The Russell 2000 skyrocketed 10.8%.

But performance in developed markets outside the U.S. in November was considerably weaker, as only 21 of the 41 developed markets tracked by MSCI advanced. And performance in the emerging markets tracked by MSCI was collectively worse, with the vast majority of those indices declining (41 of 46).

Notably, the U.S. market rally signaled a broadening beyond the technology sector, with a rotation into mega-cap defensive names and small-cap equities. While tech stocks, which led gains for much of the

year, showed signs of cooling, sectors such as Financials, Industrials, and Consumer Discretionary gained momentum. This diversification of leadership suggests a healthier and more balanced market, with investors positioning for potential economic growth.

Volatility, as measured by the VIX, consistently dropped this month, losing over 40% and coming to rest at 13.51, a level not seen since 2019.

West Texas Intermediate crude generally traded lower too, ultimately losing \$1.11/barrel and coming to rest at \$68.15/barrel.

### Market Performance Around the World

Investors looking outside the U.S. saw much weaker performance, as 20 of the 41 developed markets tracked by MSCI lost ground this month, and most of those lost about 2% on average. Performance for emerging markets was significantly worse, with 41 of those 46 indices retreating for the month, with 11 losing more than 4%.

Index Returns	November 2024
MSCI EAFE	-0.74%
MSCI EURO	-3.17%
MSCI FAR EAST	+0.66%
MSCI G7 INDEX	+5.03%
MSCI NORTH AMERICA	+6.13%
MSCI PACIFIC	+1.19%
MSCI PACIFIC EX-JAPAN	+2.34%
MSCI WORLD	+4.47%
MSCI WORLD ex USA	+0.07%

Source: MSCI. Past performance cannot guarantee future results

## Sector Performance Was Solid

For the month of November, performance for the 11 S&P 500 sectors was solid, as 9 of the 11 advanced, with the Health Care and Materials sectors underperforming. Interestingly, November's sector performance was close to the mirror-image of October's, as that month saw 8 of the 11 retreat (and October's performance was close to the mirror-image of the monthly sector performance in September, August and July, as 9 of the 11 sectors advanced in each of those three months).

In addition, November's performance saw every single sector advance on a relative basis whereas September saw only 6 advance on a relative basis from August. Plus over the past three months, there were a few significant changes – such as Consumer Discretionary going from a big +9.08% jump in September to -1.84% in October to another big +10.97% jump in November. That's volatility.

Finally, for November the range in sector-returns widened a bit relative to previous months, with Consumer Discretionary gaining more than 10% and Health Care losing more than 1%. That is a significant range in just a single month.

Here are the sector returns for the month of November and October (two very short time-periods):

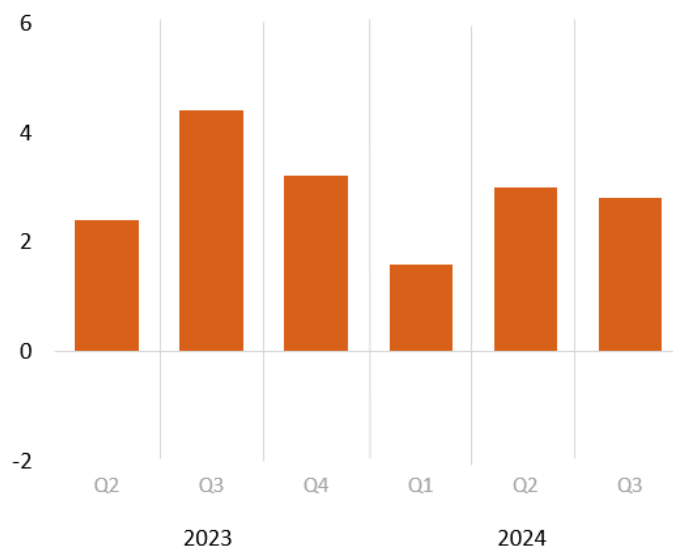
S&P 500 Sector	October 2024	November 2024
Information Technology	-0.43%	+0.60%
Energy	+1.54%	+5.49%
Health Care	-4.15%	-1.16%
Real Estate	-2.67%	+1.62%
Consumer Staples	-2.85%	+3.13%
Consumer Discretionary	-1.84%	+10.97%
Industrials	-0.92%	+5.77%
Financials	+2.88%	+8.60%
Materials	-4.13%	-0.39%
Communication Services	+2.60%	+4.01%
Utilities	-0.65%	+1.77%

Source: FMR

## GDP Revised Up to 2.8% in Third Quarter

**Real gross domestic product (GDP)** increased at an annual rate of 2.8% in the third quarter of 2024, according to the "second" estimate released by the U.S. Bureau of Economic Analysis. In the second quarter, real GDP increased 3.0%.

Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

The increase in **real GDP** primarily reflected increases in consumer spending, exports, federal government spending, and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.

Compared to the second quarter, the deceleration in **real GDP** in the third quarter primarily reflected a downturn in private inventory investment and a larger decrease in residential fixed investment. These movements were partly offset by accelerations in exports, consumer spending, and federal government spending. Imports accelerated.

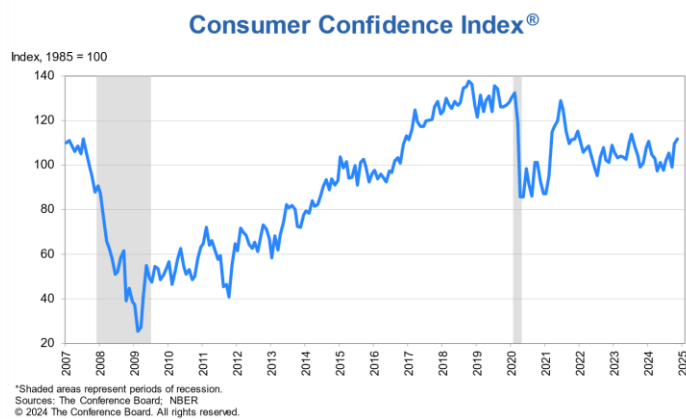
## Consumer Confidence Improved Again

The Conference Board **Consumer Confidence Index** increased in November to 111.7 (1985=100), up 2.1 points from 109.6 in October. The **Present Situation Index** – based on consumers' assessment of current business and labor market conditions – increased by 4.8 points to 140.9. The **Expectations Index** – based on consumers' short-term outlook for

income, business, and labor market conditions – ticked up 0.4 points to 92.3, well above the threshold of 80 that usually signals a recession ahead.

“Consumer confidence continued to improve in November and reached the top of the range that has prevailed over the past two years. November’s increase was mainly driven by more positive consumer assessments of the present situation, particularly regarding the labor market. Compared to October, consumers were also substantially more optimistic about future job availability, which reached its highest level in almost three years. Meanwhile, consumers’ expectations about future business conditions were unchanged and they were slightly less positive about future income.”

Among **age groups**, November’s gains were led by a large jump in confidence for consumers under 35 years old. Meanwhile, confidence among consumers aged 35 to 54 declined slightly after surging last month. All **income groups** reported higher confidence except those at the very top (earning over \$125K) and bottom (earning less than \$15K). On a six-month moving average basis, householders aged under 35 and those earning over \$100K remained the most confident.



### Confidence in Stock Market Up

“Consumers became even more optimistic about the stock market: 56.4% of consumers expected stock prices to increase over the year ahead, another record high for this measure. Only 21.3% expected stock prices to decline. The share of consumers expecting higher interest rates over the next 12 months declined to 43.6%. The share expecting lower

rates increased to 34.6%, the highest since April 2020.”

### Existing Home Sales Rise in October

Existing-home sales rose in October, according to the National Association of Realtors. Sales improved in all four major U.S. regions. Year-over-year, sales elevated in three regions but were unchanged in the Northeast.



Total existing home sales – completed transactions that include single-family homes, townhomes, condominiums and co-ops – expanded 3.4% from September to a seasonally adjusted annual rate of 3.96 million in October. Year-over-year, sales progressed 2.9% (up from 3.85 million in October 2023).

“The worst of the downturn in home sales could be over, with increasing inventory leading to more transactions. Additional job gains and continued economic growth appear assured, resulting in growing housing demand. However, for most first-time homebuyers, mortgage financing is critically important. While mortgage rates remain elevated, they are expected to stabilize.”

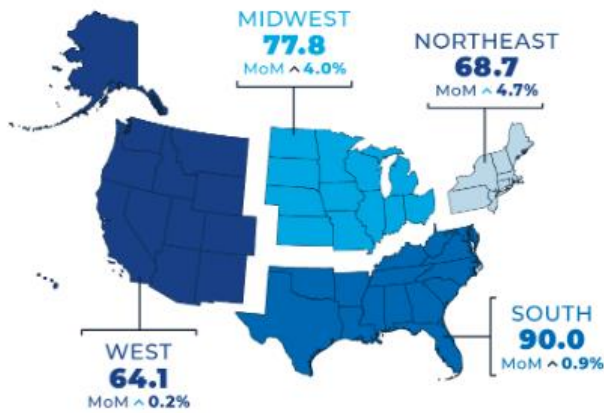
### Pending Home Sales Up in October

Pending home sales ascended in October – the third consecutive month of increases – according to the National Association of Realtors. All four major U.S. regions experienced month-over-month gains in transactions, with the Northeast leading the way. Year-over-year, contract signings increased in all four U.S. regions, led by the West.

The Pending Home Sales Index – a forward-looking indicator of home sales based on contract signings – elevated 2.0% to 77.4 in October. Year-over-year, pending transactions expanded 5.4%. An index of 100 is equal to the level of contract activity in 2001.

"Homebuying momentum is building after nearly two years of suppressed home sales. Even with mortgage rates modestly rising despite the Federal Reserve's decision to cut the short-term interbank lending rate in September, continuous job additions and more housing inventory are bringing more consumers to the market."

### Pending Home Sales Regional Breakdown

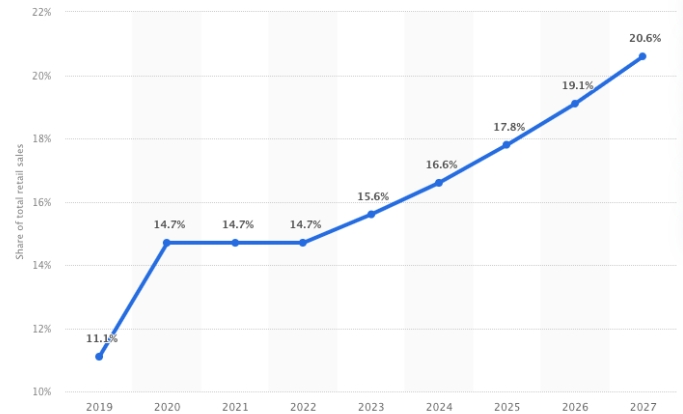


### E-Commerce Sales Up in Third Quarter

The Census Bureau of the Department of Commerce announced that the estimate of U.S. retail e-commerce sales for the third quarter of 2024 was \$300.1 billion, an increase of 2.6% from the second quarter of 2024. Total retail sales for the third quarter of 2024 were estimated at \$1,849.9 billion, an increase of 1.3% from the second quarter of 2024. The third quarter 2024 e-commerce estimate increased 7.4% from the third quarter of 2023 while total retail sales increased 2.1% in the same period. E-commerce sales in the third quarter of 2024 accounted for 16.2% of total sales.

In 2023, e-commerce comprised over 15.6% of total retail sales in the United States. Forecasts suggest that this proportion will continue to rise steadily in the coming years, reaching approximately 20.6% by 2027.

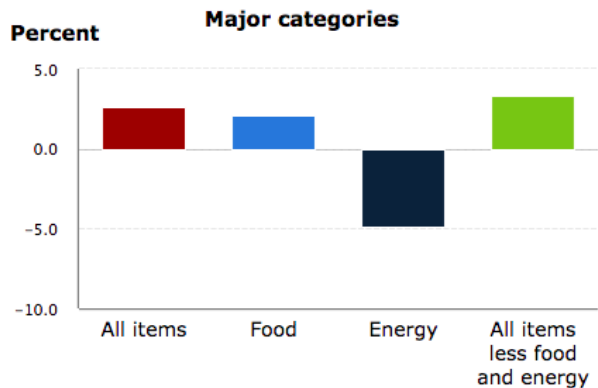
### E-commerce as percentage of total retail sales in the United States from 2019 to 2027



### Consumer Price Index Up in October

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2% on a seasonally adjusted basis in October, the same increase as in each of the previous 3 months, the U.S. Bureau of Labor Statistics reported. Over the last 12 months, the all items index increased 2.6% before seasonal adjustment.

12-month percentage change, Consumer Price Index, selected categories, October 2024, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics.

The index for shelter rose 0.4% in October, accounting for over half of the monthly all items increase. The food index also increased over the month, rising 0.2% as the food at home index increased 0.1% and the food away from home index rose 0.2%. The energy index was unchanged over the month, after declining 1.9% in September.

The index for all items less food and energy rose 0.3% in October, as it did in August and September. Indexes that increased in October include shelter, used cars and trucks, airline fares, medical care, and recreation. The indexes for apparel, communication, and household furnishings and operations were among those that decreased over the month.

The all items index rose 2.6% for the 12 months ending October, after rising 2.4% over the 12 months ending September. The all items less food and energy index rose 3.3% over the last 12 months.

### Retail Sales Increase in October

Retail sales climbed 0.4% in October, exceeding economists' expectations of 0.3%. And notably, September's sales figures were revised significantly upward to a 0.8% increase, doubling the previously reported 0.4% gain, according to the U.S. Census Bureau.

Specifically, U.S. retail and food services sales for October 2024 were \$718.9 billion, an increase of 0.4% from the previous month, and up 2.8% from October 2023. Total sales for the August 2024 through October 2024 period were up 2.3% from the same period a year ago.

A closer look reveals that auto sales led October's gains, with the sector posting a robust 1.6% increase. However, when excluding autos and gas, the picture is less optimistic as core retail sales edged up just 0.1%.

Sources; [bea.gov](https://www.bea.gov); [census.gov](https://www.census.gov); [conference-board.org](https://www.conference-board.org); [nar.realtor](https://www.nar.realtor); [msci.com](https://www.msci.com); [fidelity.com](https://www.fidelity.com); [nasdaq.com](https://www.nasdaq.com); [wsj.com](https://www.wsj.com); [morningstar.com](https://www.morningstar.com)

