

# Weekly Market Recap

November 18<sup>th</sup>, 2024

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500 <sup>®</sup> Index	5,871	-2.1%	23.1%
Dow Jones Industrial Average	43,445	-1.2%	15.3%
NASDAQ	18,680	-3.1%	24.4%
Russell 2000 <sup>®</sup> Index	2,304	-4.0%	13.7%
MSCI EAFE Index	2,286	-2.2%	2.2%
Ten-Year Treasury Yield	4.44%	0.1%	0.6%
Oil WTI <sup>1</sup> (\$/bbl <sup>2</sup> )	\$67.03	-4.8%	-6.4%
Bonds <sup>3</sup>	\$97.66	-0.9%	1.4%

<sup>1</sup>WTI = West Texas Intermediate Oil. <sup>2</sup>bbl = Barrel. <sup>3</sup>Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

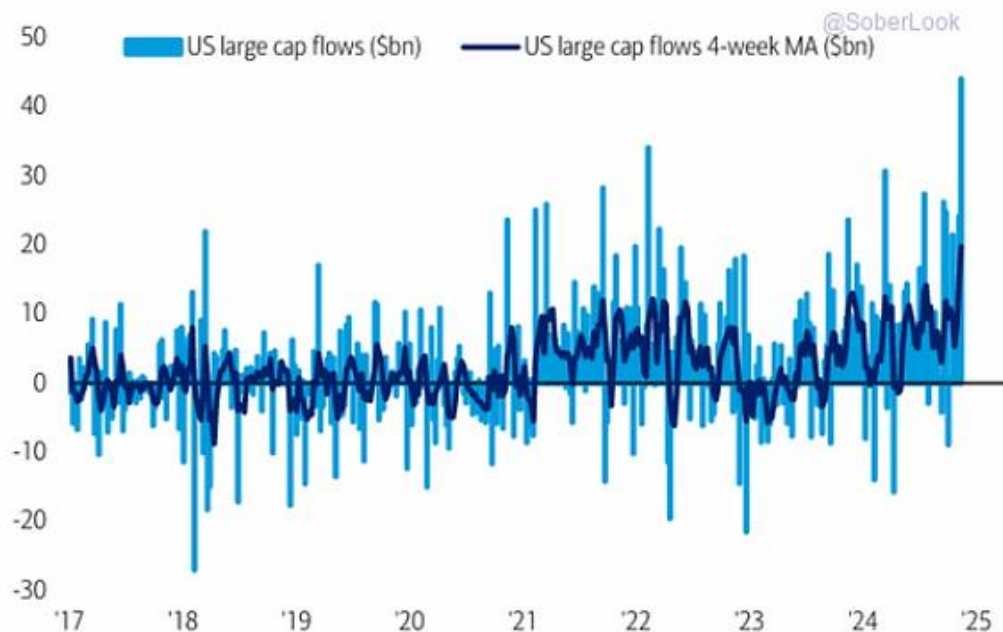
## Last Week:

### U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) fell -2.1% as elevated equity valuations, rising long-term rates, and slowing progress for inflation data weighed on investor sentiment. Federal Reserve (Fed) Chair Jerome Powell said at a Dallas Fed event the economy is not sending signals that the Fed needs to be in a hurry to lower interest rates. October's Consumer Price Index (CPI) was in-line with analyst expectations, but shelter prices continued to provide upward pressure on the index and slowed disinflation progress. October Producer Price Index (PPI) was in-line with analyst expectations, however, final demand services prices accelerated slightly. Initial jobless claims came in below analyst estimates. Gold fell -4.6% and WTI crude fell -4.8%.
- S&P 500 Index Sector Returns:
  - Financials (+1.4%) outperformed, led by banks (President-elect Trump's policies may reduce regulations for banks) and credit cards.
  - Energy (+0.6%) rose, despite the price of WTI falling -4.8%.
  - Utilities (0.0%) and consumer staples (-1.2%) outperformed, as investors appeared to favor more defensive stocks.
  - Consumer discretionary (-1.1%) fell, led lower by autos and e-commerce companies.
  - Communication services (-2.1%) fell, led lower by search engines and social media.
  - Real estate (-2.1%) fell, led lower by data centers.
  - Industrials (-2.1%) fell, led lower by aerospace and defense stocks.
  - Technology (-3.2%) fell, led lower by semiconductor stocks.
  - Materials (-3.3%) fell, led lower by chemical stocks.
  - Healthcare (-5.5%) fell, led lower by pharmaceuticals and hospitals.

- President-elect Trump's election victory contributed to record inflows into U.S. large-cap equities.

**Chart 13: Record inflow to US large cap equities funds**  
 US large cap equities fund flows (weekly & 4-week MA)



- The majority of professional money managers now expect small caps to outperform large caps following Trump's victory in the presidential election.

**Chart 9: Post-election FMS results show investors expect small caps to outperform**



FMS: fund manager survey. Sources: Bank of America Global Fund Manager Survey; The Daily Shot.

Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on page 6-7.

- The “Trump Trades” that outperformed in late 2016 and early 2017 eventually underperformed the broad S&P 500 Index from 2017 - 2020.

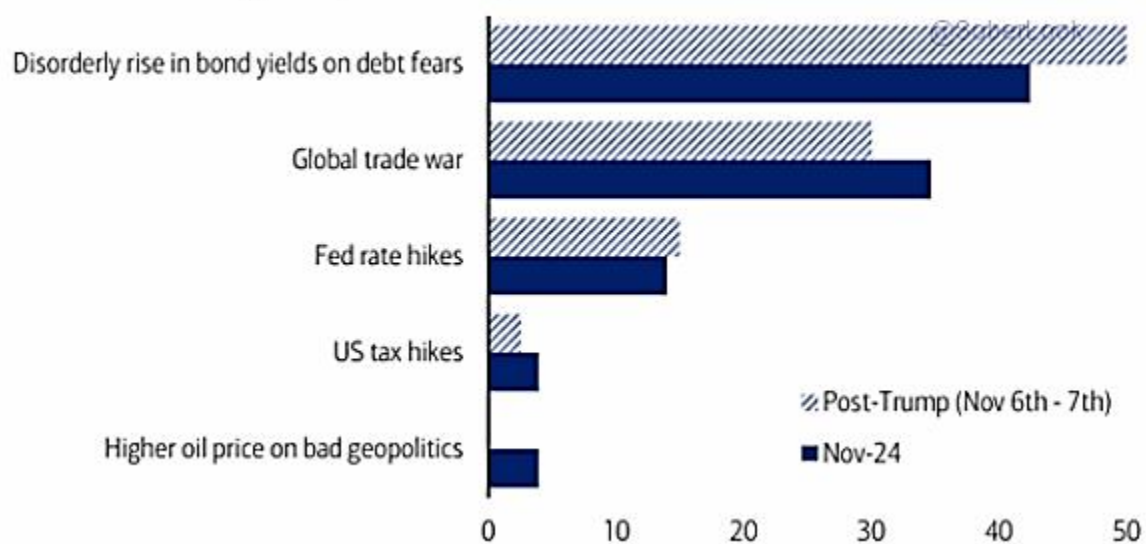
### Trump's Stocks Trade Trumped by S&P Morgan Stanley's 'long Trump' basket trailed the S&P 500 between 2016 and 2020



Long Trump Basket: a list of stocks selected by Morgan Stanley that could benefit under a Trump presidency. Sources: Morgan Stanley; Bloomberg L.P..

- A disorderly rise in bond yields would be the most bearish development in 2025, according to the Bank of America Global Fund Manager Survey.

**Chart 15: Disorderly rise in bond yields would be most bearish development in 2025** Shot  
Which of the following development would you see as the most bearish in 2025? 13-Nov-2024

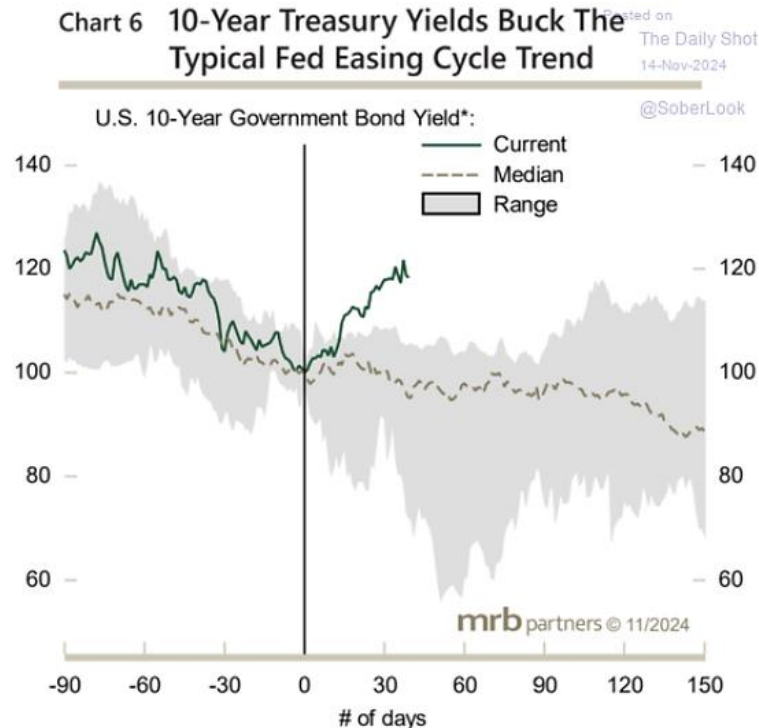


X-axis: percentage of response. “Post-Trump” indicates only the responses recorded after the U.S. election. Sources: Bank of America; The Daily Shot.

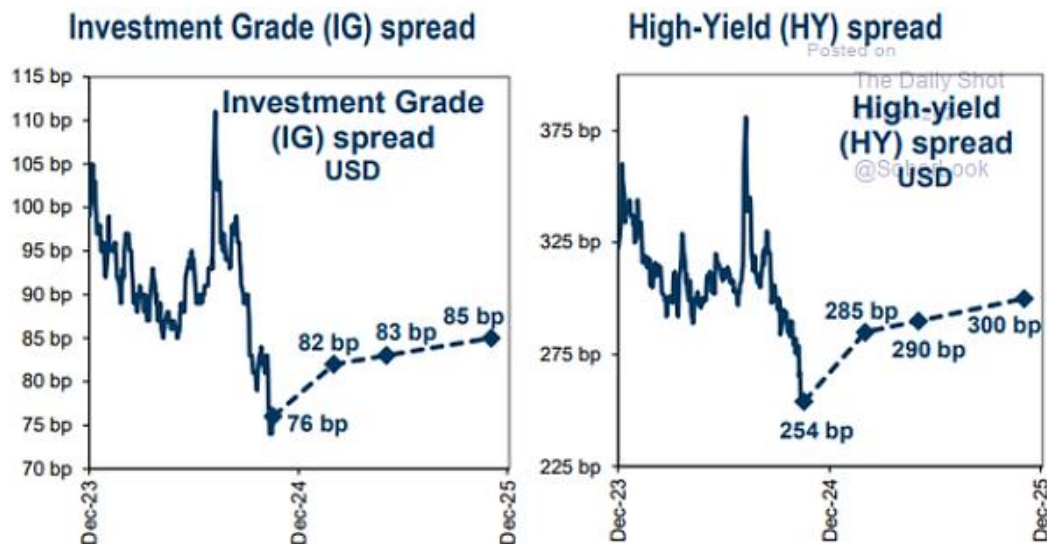
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## Fixed Income Markets

- The 10-year Treasury yield has already deviated from its historical post-Fed cut path. We believe the resilient economic growth for the U.S. economy, stubborn inflation, and overly aggressive rate-cut expectations all likely contributed to the deviation thus far.



- Goldman Sachs expects investment grade and high-yield bond spreads to widen over the next 14 months.



BP: basis points. Sources: Goldman Sachs; The Daily Shot.

## U.S. Economic and Political News

- The Empire State Manufacturing Index increased this month with big jumps in new orders and shipments.
- Import and export prices both came in better than analysts expected on a month-over-month basis.

## International Markets and News

- European markets (STOXX 600 Index) fell -0.7% as concerns about the impact of U.S. President-elect Trump's potential trade policies and slowing U.K. economic growth weighed on investor sentiment.
- The Chinese stock market (Shanghai Composite) fell -3.5% with fears that Trump's potential trade policies may negatively impact Chinese exporters.
- Japanese equities (Nikkei 225 Index) fell -2.2% along with U.S. equity markets, as well as fears that Trump's potential trade policies may impact Japanese exporters.

## This Week:

- The volume of corporate earnings reports will be moderate this week.
- Economic data:
  - Monday: National Association of Home Builders (NAHB) Housing Market Index, Treasury International Capital (TIC) Flows;
  - Tuesday: Building Permits, Housing Starts, Redbook Chain Store, American Petroleum Institute (API) Crude Inventories;
  - Wednesday: Mortgage Bankers Association (MBA) Mortgage Purchase Applications, Department of Energy (DOE) Crude Inventories;
  - Thursday: Weekly Jobless Claims, Philadelphia Fed Index, Existing Home Sales, Leading Indicators, Energy Information Energy (EIA) Nat Gas Inventories, Kansas City Fed Manufacturing Index;
  - Friday: Purchasing Manager's Index (PMI) Manufacturing Preliminary, PMI Services Preliminary, Michigan Consumer Sentiment (Final).

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®  
Executive Director

Griffith Jones, Jr.  
Executive Director

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**The S&P 500® Index** is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.

**The Russell 2000® Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

**The Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

**The NASDAQ Composite Index** is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depository receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

**The MSCI EAFE Index** is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**The STOXX Europe 600 Index** is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

**The Nikkei 225** is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

**The Shanghai Stock Exchange Composite Index** is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

Technical Terms: The **Consumer Price Index (CPI)** measures the monthly change in prices paid by U.S. consumers. The Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending. The **Federal Reserve Bank of Kansas City quarterly Survey of Manufacturers** provides information on current manufacturing activity in the Tenth District. The survey monitors about 300 manufacturing plants selected according to geographic distribution, industry mix, and size. Survey results reveal changes in several indicators of manufacturing activity, including production and shipments, and identify changes in prices of raw materials and finished products. A higher than expected number should be taken as positive to the USD, while a lower than expected number as negative. The **Michigan Consumer Sentiment Index (MCSI)** is a monthly survey of consumer confidence levels in the United States conducted by the University of Michigan. The survey is based on telephone interviews that gather information on consumer expectations for the economy. The **NAHB/Wells Fargo Housing Market Index (HMI)** is a monthly sentiment survey of members of the National Association of Home Builders (NAHB). The index measures sentiment among builders of U.S. single-family homes, and is a widely watched gauge of the U.S. housing sector. Since housing represents a large capital investment and spurs additional consumer spending on appliances and furnishings, housing market indices help to monitor the overall health of the economy. The term **NY Empire State Index** refers to the result of a monthly survey of manufacturers in New York state. The survey is conducted by the Federal Reserve Bank of New York. The bank sends out the survey every month to business leaders who represent a wide swath of the manufacturing sector. The headline number for the index refers to the main index of the survey, which summarizes general business conditions in New York state. The index is widely watched for insights into the state and direction of manufacturing in New York state. The **Philadelphia Federal Index (or Philly Fed Survey)** is a regional federal-reserve-bank index measuring changes in business growth. It is also known as the "Manufacturing Business Outlook Survey." The **Producer Price Index (PPI)** measures the average change over time in the prices domestic producers receive for their output. It is a measure of inflation at the wholesale level that is compiled from thousands of indexes measuring producer prices by industry and product category. The index is published monthly by the U.S. Bureau of Labor Statistics (BLS). The **Purchasing Managers' Index (PMI)** is an indicator of the prevailing direction of economic trends in the manufacturing and service sectors. The indicator is compiled and released monthly by the Institute for Supply Management (ISM), a nonprofit supply management organization. **Treasury International Capital (TIC)** is a set of monthly and quarterly statistical

reports measuring all flows of portfolio capital into and out of the U.S. and the resultant positions between U.S. and foreign residents. The data is used as an economic indicator and can help to predict the direction of the U.S. dollar (USD). The **Trump Trade** describes the shift in market behavior and investor actions in response to the economic policies and political moves associated with a potential Trump presidency. This concept was coined after his election in November 2016, as markets reacted to his pledges for deregulation, tax cuts and boosted infrastructure spending. Essentially, the Trump Trade reflects the expectation of a pro-business climate. (Technical definitions are sourced from Corporate Finance Institute.)

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