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# Financial Week Newsletter

*Summarized by Smith Shellnut Wilson*

November 18, 2024

***"A painting is finished when the artist says it is finished." Rembrandt Harmensz Van Rijn***

## MARKETS

**Macro Recap:** Comments from U.S. Federal Reserve Chair Jerome Powell and other officials have raised expectations of a potential slowdown in the pace of future interest-rate cuts. There is even a possibility that the Fed might not cut rates at its mid-December meeting. On Thursday, Powell stated, “The economy is not sending any signals that we need to be in a hurry to lower rates.”

The monthly Consumer Price Index showed a slight increase, with October’s annual rate of 2.6% surpassing September’s 2.4%. Although this was in line with economists’ expectations, it highlighted the uneven progress in bringing inflation closer to the Fed’s 2.0% long-term target.

U.S. consumer sentiment reached its highest level in seven months, exceeding most economists’ predictions. This optimism was reflected in Friday’s preliminary reading from the University of Michigan’s Consumer Sentiment Index, based on a survey conducted on Monday before the election.

A report released on Friday indicated that U.S. retail sales rose by 0.4% in October compared to the previous month, surpassing expectations. Additionally, September’s initial reading was significantly revised upward with more data available. Another positive sign came on Thursday when new claims for unemployment benefits fell to their lowest level in six months.

The price of the most widely traded cryptocurrency, Bitcoin, reached a record high for the second consecutive week. After ending the previous week at around $77,000, Bitcoin was trading at approximately $91,000 on Friday afternoon, having briefly climbed as high as $93,000 earlier in the week.

**Equity Recap:** The major U.S. stock indexes experienced a pullback from their record highs, declining by approximately 1% to 3% over the week. This marked a notable shift from the previous week, when the indexes had surged by about 5% to 6% following the November 5 election.

**Bond/Rate Recap:** Yields on U.S. government bonds continued their upward trend. The 10-year yield, which briefly touched 4.50%, ended the week 12 basis points higher than last Friday, settling at 4.43%. This is a significant rise from mid-September when the yield was as low as 3.62%. Meanwhile, the 2-year yield increased by five basis points from last Friday, settling at 4.30%.

## INDICES

| | Nov 15 Close | Nov 11 Open | Weekly Change | Dec 31 2023 | YTD Change |
|---|---|---|---|---|---|
| **DJIA** | 43,445 | 43,989 | -1.2% | 37,690 | 15.3% |
| **S&P 500** | 5,871 | 5,996 | -2.1% | 4,770 | 23.1% |
| **NASDAQ** | 18,680 | 19,287 | -3.1% | 15,011 | 24.4% |
| **Russell 2000** | 2,304 | 2,400 | -4.0% | 2,027 | 13.7% |
| **KBW Bank Indx** | 134.8 | 131.7 | 2.3% | 96.0 | 40.4% |
| **VIX** | 16.1 | 14.9 | 8.0% | 12.5 | 29.6% |
| **Oil (WTI)** | $67.02 | $70.12 | -4.4% | $72.57 | -7.6% |
| **Gold** | $2,563 | $2,673 | -4.1% | $1,973 | 29.9% |
| **Prime** | 7.75 | 7.75 | 0.00 | 8.50 | -0.75 |
| **Effective Fed Funds** | 4.58 | 4.59 | -0.01 | 5.32 | -0.74 |
| **3m Tbill** | 4.49 | 4.52 | -0.03 | 5.33 | -0.84 |
| **2yr UST** | 4.30 | 4.25 | 0.05 | 4.25 | 0.05 |
| **10yr UST** | 4.44 | 4.30 | 0.14 | 3.88 | 0.56 |
| **2-10yr UST Spread** | 13 | 5 | 8 | -37 | 50 |
| **2y AAA Muni/10y UST** | 61.5% | 62.5% | -0.9% | 58.9% | 2.7% |
| **10y AAA Muni/10y UST** | 67.1% | 69.5% | -2.4% | 58.5% | 8.7% |
| **5yr Inflation Rate** | 2.40 | 2.42 | -0.03 | 2.15 | 0.24 |

## Week Ahead

- **Monday:** Housing market index
- **Tuesday:** Housing starts
- **Wednesday:** No major reports
- **Thursday:** Conf Board LEI, Existing home sales, Weekly unemployment
- **Friday:** U of M Consumer Sentiment

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