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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"Formula for success: rise early, work hard, strike oil." J Paul Getty

MARKETS

Macro Recap: The week began with a sense of optimism as progress toward ending the 43-day government shutdown gained traction. Despite the extended disruption, financial markets showed resilience. By Wednesday, the final day of the shutdown, the S&P 500 had risen 2.4% from its level on September 30, the day before the shutdown began. Government bonds also held steady, with the 10-year Treasury yield closing at 4.07%, only slightly below the pre-shutdown level of 4.15%.

Midweek brought a shift in tone as hawkish commentary from Federal Reserve officials dampened expectations for a near-term rate cut. Traders scaled back their outlook for easing at the Fed's December 10 meeting, with futures pricing on Friday implying a 46% probability of a quarter-point cut, down sharply from nearly 70% just a week earlier, according to CME FedWatch.

Meanwhile, cryptocurrency markets continued to retreat. Bitcoin extended its recent decline, trading near $95,000 on Friday afternoon, more than 20% below its record high of roughly $125,000 reached less than six weeks ago.

Equity Recap: The stock market closed last week with a mixed performance as investors weighed uneven sector leadership, rotation among mega-cap stocks, and Federal Reserve commentary that dampened expectations for a December rate cut. Persistent uncertainty surrounding artificial intelligence prospects and the future path of interest rates added to volatility. The market began the week on a strong note with a rally on Monday, but momentum faded as selling pressure emerged on Thursday. By the end of the week, the S&P 500 and Dow managed to finish slightly higher, while the NASDAQ slipped into negative territory.

Bond/Rate Recap: Government bond markets faced renewed pressure last week as diminished prospects for a Federal Reserve rate cut in December pushed yields higher. The 10-year U.S. Treasury yield ended Friday at 4.15%, up from about 4.09% the previous week. Shorter- and longer-term maturities followed suit, with yields on both 2-year and 30-year Treasuries also climbing over the course of the week. The shift reflected investor recalibration after hawkish Fed commentary signaled that policymakers may keep rates elevated longer than previously anticipated.

Week Ahead: The midweek conclusion of the 43-day U.S. government shutdown is expected to gradually clear the backlog of delayed economic data, but uncertainty remains around timing and completeness. While some reports may be canceled altogether, others are beginning to appear on a revised schedule. Notably, the September jobs report is now slated for release on Thursday, November 20. As of Friday, however, many other key indicators had yet to be rescheduled, leaving investors and policymakers without a clear timeline for critical economic updates.

INDICES

	Nov 10 Open	Nov 14 Close	Weekly Change	Dec 31 2024	YTD Change
DJIA	46,987	47,147	0.3%	42,544	10.8%
S&P 500	6,729	6,734	0.1%	5,882	14.5%
NASDAQ	23,005	22,901	-0.5%	19,311	18.6%
Russell 2000	2,433	2,388	-1.8%	2,230	7.1%
KBW Bank Indx	150.7	149.6	-0.7%	127.5	17.4%
Bitcoin	$103,459	$94,566	-8.6%	$93,714	0.9%
Oil (WTI)	$59.75	$60.37	1.0%	$71.72	-15.8%
Gold	$4,001	$4,075	1.8%	$2,625	55.3%
Prime	7.00	7.00	0.00	7.50	-0.50
Effective Fed Funds	3.87	3.88	0.01	4.33	-0.45
3m Tbill	3.84	3.87	0.03	4.31	-0.44
2yr UST	3.56	3.61	0.05	4.24	-0.63
10yr UST	4.10	4.14	0.04	4.57	-0.43
2-10yr UST Spread	53	53	0	33	20
2y AAA Muni/10y UST	70.0%	68.8%	-1.2%	66.5%	2.3%
10y AAA Muni/10y UST	66.7%	65.6%	-1.1%	68.4%	-2.8%
5yr Inflation Forecast	2.38	2.39	0.01	2.42	-0.03

Week Ahead

- **Monday:** No major reports
- **Tuesday:** Ex/Im prices*, Industrial production*, Housing mkt index
- **Wednesday:** FOMC minutes, Housing starts*
- **Thursday:** Sept Nonfarm payrolls, LEI, Exiting home sales
- **Friday:** U of M consumer sentiment

***Could be delayed or canceled**

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