

WEEK OF NOVEMBER 25, 2024

Market Update

Housing data was mixed; home builder confidence and existing home sales fared better than expected but new home starts disappointed. A strong dollar increased market breadth beyond the so-called Magnificent Seven. The front end of the Treasury yield curve lifted because of rising inflation expectations.

Quick Hits

- 1. Report releases:** The pace of existing home sales rose for the first time in three months in October.
- 2. Financial market data:** A strong dollar has helped increase market breadth.
- 3. Looking ahead:** We expect data on consumer confidence, durable goods orders, and personal income and spending this week.



Report Releases: November 18–22, 2024

National Association of Home Builders Housing Market Index
November (Monday)

Home builder sentiment improved more than expected, lifting the index to a seven-month high.

- Expected/prior month sentiment: 42/43
- Actual sentiment: 46



Housing Starts and Building Permits
October (Tuesday)

Housing starts and building permits missed economist estimates, dropping the pace of new home construction to a three-month low.

- Expected/prior month housing starts monthly change: -1.5%/-1.9%
- Actual housing starts monthly change: -3.1%
- Expected/prior month building permits monthly change: +0.7%/-3.1%
- Actual building permits monthly change: -0.6%



Existing Home Sales
October (Thursday)

The pace of existing home sales rose for the first time in three months. Despite the increase, the pace of sales remains muted historically.

- Expected/prior month existing home sales change: +2.9%/-1.3%
- Actual existing home sales change: +3.4%



Final University of Michigan Consumer Sentiment Survey
November (Friday)

Consumer sentiment regarding current economic conditions fell 1.5 percent month-over-month.

- Expected/prior release consumer sentiment level: 73.5/73.0
- Actual consumer sentiment level: 71.8



>> The Takeaway

- Housing data was mixed; home builder confidence and existing home sales fared better than expected but new home starts disappointed.
- Consumer sentiment fell as current economic conditions weighed on the index.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	1.72%	4.74%	26.69%	32.83%
Nasdaq Composite	1.77%	5.10%	27.43%	34.25%
DJIA	2.03%	6.21%	19.49%	27.97%
MSCI EAFE	0.01%	-2.34%	4.91%	11.77%
MSCI Emerging Markets	0.22%	-2.83%	8.94%	13.66%
Russell 2000	4.49%	9.66%	20.14%	35.92%

Source: Bloomberg, as of November 22, 2024

U.S. stocks, paced by small-caps, continued to lead global equity markets. The Russell 2000 index rose more than 4.4 percent as the U.S. dollar continued to gain strength. Nvidia finished flat after announcing earnings on Wednesday night. Alphabet lost 4.5 percent after speculation that the company may be forced to sell its Chrome web browser; the Justice Department suggested Google has a monopoly in online search.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	-0.72%	1.52%	6.22%
U.S. Treasury	-0.88%	0.76%	4.77%
U.S. Mortgages	-0.59%	1.57%	6.85%
Municipal Bond	0.44%	1.69%	5.74%

Source: Bloomberg, as of November 22, 2024

The front end of the Treasury yield curve lifted as short-to-intermediate-term inflation expectations continued to rise. The 2-year increased 7 basis points (bps), closing at 4.37 percent; the longer end of the curve was mostly unchanged.

>> The Takeaway

- Nvidia's earnings turned out to be a less volatile event than expected; the firm's earnings beats have been smaller recently.
- The front end of the yield curve lifted on rising short-to-intermediate-term inflation expectations.

Looking Ahead

Despite a holiday-shortened week, we expect several important releases focusing on consumer confidence, durable goods orders, and personal income and spending. Minutes from the November meeting of the Federal Open Market Committee (FOMC) will also be released.

- On Tuesday, we anticipate the release of **consumer confidence data** and minutes from November's FOMC meeting.
- On Wednesday, we expect data on **durable goods orders** and **personal income and spending** for October. All are set to rise.





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measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent.

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