



Shreveport, Louisiana

WEEK OF DECEMBER 16, 2024

# Market Update

Year-over-year inflation ticked up in November, matching economist expectations. The Nasdaq Composite led the way despite mixed performance from the so-called Magnificent Seven. The Federal Reserve (Fed) will host its December meeting on Wednesday in the wake of multiple interest rate cuts in Europe.

## Quick Hits

- 1. Report releases:** Year-over-year inflation ticked up in November, matching economist expectations.
- 2. Financial market data:** Innovation from Broadcom and Tesla was not enough to lift the S&P 500 into positive territory.
- 3. Looking ahead:** Economic news will be highlighted by Wednesday's meeting of the Federal Open Market Committee (FOMC).



## Report Releases: December 9–13, 2024

### N.Y. Fed Survey of Consumer Expectations (Monday)

The survey showed that 1-, 3-, and 5-year yields each increased 0.1 percent, to 3 percent, 2.6 percent, and 2.9 percent, respectively.



### NFIB Small Business Optimism November (Tuesday)

The index jumped 8 points to 101.7 after being below the 50-year average of 98 for 34 months.



### Consumer Price Index November (Wednesday)

Year-over-year consumer inflation ticked up, which was in line with economist and market expectations.

- Prior monthly CPI/core CPI growth: +0.2%/+0.3%
- Expected monthly CPI/core CPI growth: +0.3%/+0.3%
- Actual monthly CPI/core CPI growth: +0.3%/+0.3%
- Prior year-over-year CPI/core CPI growth: +2.6%/+3.3%
- Expected year-over-year CPI/core CPI growth: +2.7%/+3.3%
- Actual year-over-year CPI/core CPI growth: +2.7%/+3.3%



### Producer Price Index (PPI) November (Thursday)

Headline and core producer inflation increased more than expected on a year-over-year basis.

- Prior monthly PPI/core PPI growth: +0.3%/+0.3%
- Expected monthly PPI/core PPI growth: +0.2%/+0.2%
- Actual monthly PPI/core PPI growth: +0.4%/+0.2%
- Prior year-over-year PPI/core PPI growth: +2.6%/+3.4%
- Expected year-over-year PPI/core PPI growth: +2.6%/+3.2%
- Actual year-over-year PPI/core PPI growth: +3.0%/+3.4%



## >> The Takeaway

- Consumer inflation expectations and small business optimism improved.
- Although consumer inflation was mostly in line with expectations, producer inflation surprised slightly to the upside.

## Financial Market Data

### Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	-0.61%	0.37%	28.54%	30.33%
Nasdaq Composite	0.36%	3.73%	33.68%	36.30%
DJIA	-1.78%	-2.30%	18.43%	20.36%
MSCI EAFE	-0.72%	0.99%	7.89%	12.36%
MSCI Emerging Markets	0.80%	3.29%	11.65%	17.65%
Russell 2000	-2.55%	-3.54%	17.26%	22.20%

Source: Bloomberg, as of December 13, 2024

The Nasdaq Composite led U.S. major averages despite mixed performance from so-called Magnificent Seven stocks. Top contributors included Tesla, Alphabet, Apple, and Microsoft. Conversely, Nvidia and Meta Platforms were among the top detractors for the S&P 500. Consumer discretionary, communication services, and technology were among the top performing sectors, with innovation from Tesla's Robotaxi and Alphabet's quantum computing chip driving these moves. Lagging sectors included health care, financials, and industrials.

### Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	0.95%	2.36%	3.67%
U.S. Treasury	0.90%	1.53%	2.75%
U.S. Mortgages	0.88%	2.30%	3.61%
Municipal Bond	0.68%	2.14%	3.72%

Source: Bloomberg, as of December 13, 2024

The Treasury yield curve continued to steepen as the front end of the curve moved down on broad expectations of a 25 basis point (bps) cut at December's Fed meeting, along with recent cuts by the European Central Bank and Swiss National Bank. The 5-year and beyond saw notable steepening with higher yields after a slightly hotter-than-expected PPI report and strong small business confidence.

### >> The Takeaway

- The Nasdaq Composite led the way despite mixed performance from Magnificent Seven stocks.
- The steepening yield curve is worth monitoring as an improving growth outlook comes at the cost of more expensive long-term financing.

## Looking Ahead

In the final full week before the holiday break, the focus will be on inflation. We expect data on retail sales, housing, and personal income and spending. The highlight will be Wednesday's FOMC decision.

- Tuesday kicks off with **retail sales** for November. Headline and core retail sales are set to grow.
- On Wednesday, the **FOMC** will make its interest rate decision for December. The Fed is expected to lower the range of the federal funds rate 25 bps after its meeting.
- On Thursday, **existing home sales** for November will be released; the pace is expected to rise for the second consecutive month.
- Finally, on Friday, **personal income and spending** for November will be released. Both are expected to continue growing.





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