



Recap

Election results, modestly firmer economic data, and the expectation of more monetary policy accommodation have been the primary financial market drivers since the beginning of the fourth quarter. Bond yields have generally had an upward bias as economic data continues to offer positive surprises, especially regarding consumer spending which has been resilient. Consensus estimates for fourth quarter GDP have steadily moved higher through the quarter. The Atlanta GDP Now forecast for the 4Q GDP is 3.1%. Positive economic surprises have certainly helped with equity market sentiment, but the equity market rally strengthened on the heels of the presidential election which sends President Trump back to the White House. With Republicans regaining control of the executive and congressional branches, equity markets are anticipating an environment with less regulation and more pro-business policies. One specific example is the hope that a more hospitable business environment will spur mergers and acquisitions, which have lifted the regional bank sub-sector and small-cap equities higher. Last month's election results increase the probability of an extension of the Tax Cuts and Jobs Act of 2017, providing optimism for higher corporate earnings in future years. The second term for President Trump does have potential headwinds and concerns. Inflationary pressures are still an issue and could rekindle from an increase in tariffs and a tighter labor supply. In November, the Federal Reserve cut the Fed Fund rate 25 basis points to a target range of 4.50-4.75%. The November Nonfarm Payrolls increased 227k, topping the consensus of 220k. However, the unemployment rate rose to 4.2% from the prior rate of 4.1%. Following this print, the probability of a rate cut at the December FOMC meeting increased to almost 90%, from 70% prior to the release, showing there is still concern surrounding the labor market.

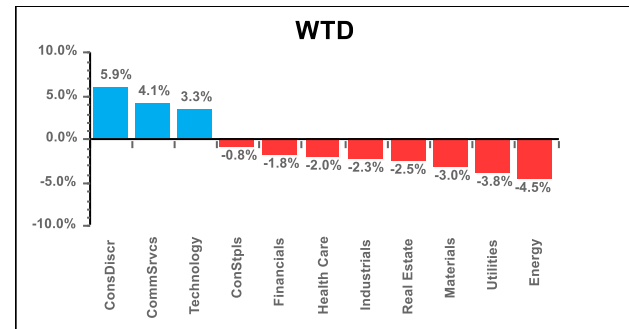
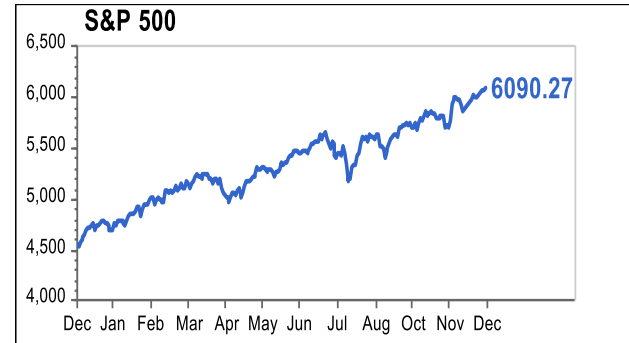
Key Thought

The S&P 500 has notched over 50 closing records thus far in 2024, and has brought considerable returns for investors, which forced market commentators to raise broad market price targets as the calendar year has progressed. Despite elevated current valuations, many market strategists are calling for further advances in the broad market indices in 2025. The S&P 500 is trading at approximately 22x forward twelve-month earnings, roughly a 22% premium to the 10-year average of 18x forward twelve-month earnings. 2025 calendar year earnings are expected to increase approximately 15%. While there are potential upside catalysts that could fuel a further rise in price levels, such as lower corporate taxes, deregulation, and lower interest rates, there are also countervailing forces that could cause market multiples to contract. Stubbornly elevated levels of inflation, with the potential for additional inflationary pressures due to higher tariffs, could cause intermediate-to-longer bond yields to rise pressuring equity valuations. Additionally, unforeseen exogenous geopolitical turbulence could provide a headwind to a stock market already trading at record levels. While fundamentals and technical trading patterns in the market have proved to be constructive in the near term, laying the groundwork for a 5.43% advance in the S&P 500 index in the month of November (most of it post-election), investors should be thankful for the past two years of above average appreciation. The path forward may be more challenging as the market has advanced primarily through multiple expansion.

	12/6/2024	Wk Net Change	Wk % Change	Div Yield	YTD % Change	12 Mos % Change
<b>STOCKS</b>	Close					
DJIA	44,642.52	-268.13	-0.60	1.65	18.45	23.82
S&P 500	6,090.27	57.89	0.96	1.28	27.68	33.87
NASDAQ	19,859.77	641.61	3.34	0.71	32.30	40.38
S&P MidCap 400	3,331.37	-34.81	-1.03	1.45	19.77	27.82
EAFE	80.08	1.11	1.41	3.28	6.28	10.35
Emerging Market	54.94	0.63	1.16	2.84	8.62	11.96
				Wk %		
<b>TREASURIES</b>	Yield			FOREX Price	Change	
1-Year	4.17			EUR/USD	1.06	-0.13
2-Year	4.09			USD/JPY	149.89	0.16
5-Year	4.03			GBP/USD	1.27	0.03
10-Year	4.14			USD/CAD	1.41	0.94
30-Year	4.33					

Sector - Large Cap	Close	Wk Net Change	WTD	MTD	QTD	YTD
<b>Defensive</b>						
Staples	893.89	-6.99	(0.8%)	(0.8%)	0.7%	17.3%
Health Care	1,678.63	-35.08	(2.0%)	(2.0%)	(6.6%)	5.6%
CommServices	343.71	13.56	4.1%	4.1%	9.3%	39.7%
<b>Eco Sensitive</b>						
Consumer Disc	1,894.19	104.75	5.9%	5.9%	18.0%	33.6%
Energy	691.13	-32.93	(4.5%)	(4.5%)	2.2%	8.0%
Industrials	1,185.91	-28.13	(2.3%)	(2.3%)	3.4%	22.9%
Info Tech	4,711.26	152.58	3.3%	3.3%	7.0%	38.7%
Materials	576.55	-18.07	(3.0%)	(3.0%)	(5.1%)	6.8%
<b>Interest Rate Sensitive</b>						
Financials	836.85	-15.13	(1.8%)	(1.8%)	11.0%	33.6%
Utilities	402.66	-16.06	(3.8%)	(3.8%)	(1.9%)	25.1%
REIT	272.83	-7.09	(2.5%)	(2.5%)	(2.7%)	8.7%

COMING UP NEXT WEEK		Consensus	Prior
12/10	Unit Labor Costs SAAR Q/Q (Final)	(Q3) 1.9%	1.9%
12/10	Productivity SAAR Q/Q (Final)	(Q3) 2.2%	2.2%
12/11	CPI ex-Food & Energy SA M/M	(Nov) 0.30%	0.30%
12/11	CPI ex-Food & Energy NSA Y/Y	(Nov) 3.3%	3.3%
12/11	CPI NSA Y/Y	(Nov) 2.6%	2.6%
12/11	Treasury Budget NSA	(Nov) -\$355.0B	-\$257.4B
12/12	PPI ex-Food & Energy SA MM	(Nov) 0.30%	0.30%
12/12	PPI SA M/M	(Nov) 0.30%	0.20%
12/12	PPI NSA Y/Y	(Nov) 2.6%	2.4%



Russell Style Return

WTD	Value	Blend	Growth	YTD	Value	Blend	Growth
Large	-1.94%	0.96%	3.61%	Large	20.21%	29.15%	36.69%
Medium	-1.75%	-0.70%	2.40%	Medium	19.70%	23.13%	33.06%
Small	-1.69%	-1.22%	-0.75%	Small	15.66%	20.09%	24.68%