

Primary Market Drivers

Economic Data

Last week's October CPI and PPI reports came in at expectations (+0.2% m/m for both), which wasn't necessarily a good or a bad thing. This week the housing market is in focus with NAHB Housing Market Index (11/18), Housing Starts & Building Permits (11/19), and Existing Home Sales (11/21). We also will see some broader economic reports later in the week with the Philadelphia Fed Index (11/21), Leading Economic Indicators (11/21), PMI Manufacturing (11/22), PMI Services (11/22), and Michigan Consumer Sentiment (11/22). While we expect earnings to drive the action, this week's economic data is an important if under-the-radar look at the state of housing, production, and future expectations for the economy.

Fed Policy

No change outside of rate cut probability updates. At its recent meeting, the Fed cut rates by 25bps, as expected. Powell was mostly confident in his press conference, offering little in the way of new information. Highlights included commenting on the unsustainable path of fiscal policy, remaining flexible and data dependent, reiterating that Trump's victory will not alter or influence the Fed's actions, and stating that he would not resign even if Trump asked him to (though Trump has already verbally committed to Powell until 2026). The next policy decision comes on December 18th and current odds show that the market is not convinced another rate cut is a sure thing. CME's FedWatch Tool places odds of a 25bps cut at 61.8%, while "no change" sits at 38.1%. A cut is still the betting favorite, but it is certainly not a foregone conclusion like it was at the last two meetings. Economic data continues to play a pivotal role in determining these odds and, ultimately, the Fed's actions.

Earnings

Nvidia (NVDA) will report earnings after the bell on Wednesday, 11/20. Investors will once again be looking for the AI chip giant to beat and raise, expectations that only continue to grow as time passes. NVDA's earnings report has been in the spotlight for nearly two years now as a proxy for AI, tech, and growth stocks at large. Any miss could spell trouble, though another strong quarter could set up the broad market for a year-end rally as we enter the final six weeks. There are only 13 other S&P 500 companies reporting this week, but they're all significant. Big retail gets its week with Walmart (WMT 11/19), Lowe's (LOW 11/19), Dollar Tree (DLTR 11/19), Target (TGT 11/20), TJX Cos (TJX 11/20), and Ross Stores (ROST 11/21) all making announcements. Palo Alto Networks (PANW 11/20), Deere (DE 11/21), Intuit (INTU 11/21) are also on tap with implications for Technology and Industrials. This week may be the most important week of earnings this year, so we'll be watching closely. Expect plenty of movement.

All referenced market information, statistics, and economic data were gathered from StreetAccount, a paid subscription data service provided by FactSet Research Systems Inc.

| Market Returns 11/15/2024 | | |
|-----------------------------|--------|--------|
| Category | Ticker | YTD% |
| Domestic Equity | | |
| S&P 500 | SPY | 27.04% |
| Dow Jones | DIA | 18.35% |
| Large-Cap Growth | QQQ | 26.09% |
| Large-Cap Value | IVE | 17.82% |
| Mid Caps | MDY | 19.73% |
| Small Caps | IWM | 19.68% |
| International Equity | | |
| Developed Intl | EFA | 6.91% |
| Emerging Markets | EEM | 11.81% |
| Fixed Income | | |
| Core Bonds | AGG | 2.32% |
| Corporate Bonds | LQD | 2.97% |
| High Yield Bonds | HYG | 8.48% |
| ST Treasuries | IEI | 1.95% |
| LT Treasuries | TLT | -3.34% |
| International Bonds | BNDX | 3.01% |



Performance data and stock chart were gathered from eSignal, a paid market screening application provided by Intercontinental Exchange, Inc.

Current Environment Summary

| What's Working | What's Not | What's Next |
|---------------------------------------|------------------------------------|--|
| Inflation Subdued | Economy Slowing | NVDA Earnings (11/20 Post-Mkt) |
| Fed Easing Cycle | Interest Rates Rising | Earnings: WMT, LOW, TGT, TJX, PANW, DE |
| Strong Earnings Growth | Modest Earnings Guidance | 11/21 Data: Existing Home Sales, LEIs |
| Long-Term Bull Market; All Time Highs | Pennsylvania Senate Race Integrity | Election Results Euphoria Fading? |
| Positive Seasonality | International Equities | More Cabinet Appointments |

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