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Market Week: November 18, 2024



The Markets (as of market close November 15, 2024)

Last week saw stocks close markedly lower as investors were discouraged by hawkish comments from Federal Reserve Chair Jerome Powell, who put a damper on the likelihood of another interest rate decrease this year. Among the market sectors, energy, financials, and utilities closed the week higher, while the remaining sectors ended the week in the red, led by health care, which saw stocks fall after President-elect Trump's appointment of Robert Kennedy as secretary of the Department of Health and Human Services. Ten-year Treasury yields hovered near the highest level since June, reflecting the diminished probability of interest rate cuts. Crude oil and gold prices declined, while the dollar advanced.

Stocks closed higher last Monday as both the Dow (0.7%) and the S&P 500 (0.1%) reached record highs. The Russell 2000 led the benchmark indexes listed here, gaining 1.5%, while the NASDAQ and the Global Dow each ticked up 0.1%. Consumer discretionary and financials led the market sectors. Crypto-related companies saw sharp gains. Gold dropped 2.4%, extending losses and falling to its lowest level in a month. Crude oil prices declined 3.1% to \$68.20 per barrel, pulled lower by a strong dollar (+0.5%) and concerns over China's waning demand for crude. The bond market was closed in observance of Veterans Day.

The market saw its rally end last Tuesday. Investor preference for risk cooled amid concerns about the economy and inflation, which prompted profit-taking following recent market highs. The Russell 2000 (-1.8%) and the Global Dow (-1.3%) declined the furthest, followed by the Dow (-0.9%), the S&P 500 (-0.3%), and the NASDAQ (-0.1%). Ten-year Treasury yields gained 12.4 basis points to 4.43%. Crude oil prices closed at \$68.10 per barrel. The dollar gained 0.4%. Gold prices fell 0.4%.

Of the benchmark indexes listed here, the Dow and the S&P 500 barely edged higher last Wednesday, while the Russell 2000 (-0.9%), the NASDAQ (-0.3%), and the Global Dow (-0.2%) declined. Ten-year Treasury yields increased to 4.45%. Crude oil prices dipped to \$68.04 per barrel. The dollar continued to rise, gaining 0.4%, while gold prices fell 1.0%. Investors may be exercising caution following the latest Consumer Price Index (see below), which showed disinflation has stalled a bit.

Stocks declined on Thursday after Fed Chair Jerome Powell stated that there was no urgency to lower interest rates given the strength of the economy. The small caps of the Russell 2000 declined for the third straight day after dropping 1.4%. The NASDAQ and the S&P 500 each fell 0.6%. The Dow lost 0.5% and the Global Dow dipped 0.3%. The yield on 10-year Treasuries slipped 3.3 basis points to end the session at 4.41%. Crude oil prices increased for the first time last week, closing at \$68.70 per barrel. The dollar advanced 0.4%, while gold prices declined 0.5%.

Last Friday saw stocks close sharply lower with each of the benchmark indexes listed here losing value. The NASDAQ dropped 2.2%, the Russell 2000 fell 1.4%, the S&P 500 declined 1.3%, the Dow decreased 0.7%, and the Global Dow slid 0.2%. Ten-year Treasury yields closed up at 4.44%. Crude oil prices fell 2.4%, the dollar ticked up 0.1%, while gold prices declined for the fifth straight session.

Stock Market Indexes

Market/Index	2023 Close	Prior Week	As of 11/15	Weekly Change	YTD Change
DJIA	37,689.54	43,988.99	43,444.99	-1.24%	15.27%
NASDAQ	15,011.35	19,286.78	18,680.12	-3.15%	24.44%

Key Dates/Data Releases
11/19: Housing starts
11/21: Existing home sales

S&P 500	4,769.83	5,995.54	5,870.62	-2.08%	23.08%
Russell 2000	2,027.07	2,399.64	2,303.84	-3.99%	13.65%
Global Dow	4,355.28	4,990.57	4,913.45	-1.55%	12.82%
fed. funds target rate	5.25%-5.50%	4.50%-4.75%	4.50%-4.75%	0 bps	-75 bps
10-year Treasuries	3.86%	4.30%	4.44%	14 bps	58 bps
US Dollar-DXY	101.39	104.92	106.73	1.73%	5.27%
Crude Oil-CL=F	\$71.30	\$70.48	\$66.96	-4.99%	-6.09%
Gold-GC=F	\$2,072.50	\$2,691.30	\$2,566.00	-4.66%	23.81%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- The Consumer Price Index rose 0.2% in October, the same increase as in each of the previous three months. For the 12 months ended in October, the CPI increased 2.6%, up 0.2 percentage point from the same period ended in September. Prices, excluding food and energy, rose 0.3% in October and 3.3% over the last 12 months. Prices for shelter rose 0.4% in October, accounting for over half of the monthly increase. Food prices also increased over the month. Prices for energy were unchanged over the month after declining 1.9% in September.
- The Producer Price Index rose 0.2% in October following a 0.1% bump in September. Producer prices moved up 2.4% for the 12 months ended in October. Most of the October increase can be traced to a 0.3% increase in prices for services. Goods prices inched up 0.1%. Producer prices less foods, energy, and trade services increased 0.3% in October after moving up 0.1% in September. For the 12 months ended in October, prices less foods, energy, and trade services rose 3.5%.
- Retail and food services sales rose 0.4% in October and increased 2.8% for the 12 months ended in October. Retail trade sales were up 0.4% last month and up 2.6% from last year. Nonstore (online) retailer sales were up 7.0% from October 2023, while food services and drinking places sales increased 4.3% over the same period.
- Import prices rose 0.3% in October following a 0.4% decline in September. The October increase was the largest one-month advance since April 2024. Fuel prices rose 1.5% last month after declining 7.5% in September, marking the largest monthly increase since April 2024. Despite the October increase, import fuel prices declined 13.6% for the year ended in October. Nonfuel import prices increased 0.2% for the second consecutive month in October. Import prices increased 0.8% from October 2023 to October 2024. Prices for exports increased 0.8% in October, which was the largest monthly rise since August 2023. Higher prices for nonagricultural and agricultural exports in October contributed to the monthly increase. Despite the October rise, export prices declined 0.1% over the past year.
- According to the Federal Reserve's latest report, industrial production declined 0.3% in October after falling 0.5% the previous month. A strike at a major producer of civilian aircraft, coupled with the lingering effects of Hurricanes Milton and Helene contributed to the October decline. Manufacturing fell 0.5% last month, while mining and utilities rose 0.3% and 0.7%, respectively. Industrial production in October was 0.3% below its year-earlier level.
- October 2024, the first month of fiscal year 2025, saw a monthly government deficit of \$257.5 billion, well above the \$66.6 billion deficit reported for October 2023. Government receipts were \$326.8 billion, while expenditures totaled \$584.2 billion.
- The national average retail price for regular gasoline was \$3.052 per gallon on November 11, \$0.017 per gallon below the prior week's price and \$0.297 per gallon less than a year ago. Also, as of November 11, the East Coast price increased \$0.010 to \$3.002 per gallon; the Midwest price decreased \$0.071 to \$2.866 per gallon; the Gulf Coast price rose \$0.011 to \$2.630 per gallon; the Rocky Mountain price dipped \$0.028 to \$3.075 per gallon; and the West Coast price fell \$0.021 to \$3.924 per gallon.
- For the week ended November 9, there were 217,000 new claims for unemployment insurance, a decrease of 4,000 from the previous week's level. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended November 2 was 1.2%, unchanged from the previous week's rate. The advance number of those receiving unemployment insurance benefits during the week ended November 2 was 1,873,000, a decrease of 11,000 from the previous week's level, which was revised down by 8,000. States and territories with the highest insured unemployment rates

for the week ended October 26 were New Jersey (2.2%), California (2.0%), Puerto Rico (1.9%), Washington (1.7%), Nevada (1.6%), Rhode Island (1.6%), Alaska (1.5%), Massachusetts (1.5%), New York (1.5%), Illinois (1.4%), and Pennsylvania (1.4%). The largest increases in initial claims for unemployment insurance for the week ended November 2 were in California (+3,825), Michigan (+3,439), Ohio (+1,911), New Jersey (+1,317), and Kansas (+870), while the largest decreases were in Florida (-1,530), Georgia (-1,303), Missouri (-797), New York (-469), and Washington (-364).

Eye on the Week Ahead

The focus is on the housing sector this week. The report on housing starts for October is out on Tuesday. September saw the number of housing starts and issued building permits decline. Also out this week is the report on existing home sales for October. Sales fell in September from the previous month as did the median sales price.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates).

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The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the Nasdaq stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.

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