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Market Stats & Commentary

Market Vital Signs as of 11/30/2024

Stock Indexes	November	YTD	1 Year
S&P 500	5.87%	28.07%	33.89%
Dow Jones Industrial Average	7.74%	21.21%	27.19%
NASDAQ Composite	6.21%	28.02%	35.09%
Russell Mid Cap Index	8.82%	24.07%	33.66%
Russell 2000 Small Cap Index	10.97%	21.58%	36.43%
MSCI EAFE Developed Int'l Index	-0.57%	6.24%	11.88%
MSCI Emerging Markets Index	-3.59%	7.65%	11.86%
Bond Indexes			
BBgBarc US Aggregate Bond Index	1.06%	2.93%	6.88%
BBgBarc US Corp High Yield Bond Index	1.15%	8.51%	12.55%
Interest Rates			
	11/30/24	12/31/23	11/30/23
Fed Funds Target Range	4.50%-4.75%	5.25%-5.50%	5.25%-5.50%
10 Yr U.S. Treasury Rate	4.17%	3.94%	4.35%

To say November was a good month for U.S. stocks would be a gross understatement. However, the most interesting thing about the rally was not the size but the attribution. The big tech stocks that have driven the NASDAQ and S&P 500 this year (and really for the last two years) rallied, but the rest of the market rallied much more. Notice the returns on mid caps and small caps – they had a decent year in a month.

On the flip side, international markets were in the red as investors contemplate what the next Trump white house and a Republican sweep of Congress means for international relations and trade. If you take China out of the emerging markets index, the rest of those markets look more like the developed international markets, but China currently represents about a quarter of the index and thus weighed on the

EM index.

As for the bond indexes, a drop in interest rates (after a big rise in October) generated positive returns for the month of November. Interestingly, I would have thought that the rally in stocks would have made the outperformance of high yield bonds versus the aggregate index much greater than it actually was. I'm not sure if that should be watched or is just an interesting piece of trivia, but for the time being I will keep an eye on it.

The Passing of a Legend

On Sunday December 1, 2024 one of the legends of the New York Stock Exchange passed away. Like most people who keep track of financial markets, I was introduced to Art Cashin by CNBC anchors doing quick interviews from the floor of the NYSE in the mid 1990's. Art was director of floor operations for Paine Webber and conveyed a common sense and digestible take on the markets that were unique. After my firm at the time, J.C. Bradford, was bought by Paine Webber (which turned around and sold to UBS two months later) I got to listen to Art's morning and intraday updates live from the floor via the firm's squawk box and I was a daily reader of his morning comments, which were reportedly forwarded thousands of times each day and read by more than 100,000 people on a daily basis.

December 6, 2024

But Art was more than a floor trader or market maven – he was a storyteller, your wise uncle who loved scotch, and the person everyone looked to when no one knew what to do. His father died his senior year in high school, so he skipped college and went to work on Wall Street in the 1950's to help support his family. By age 23 he was a member of the NYSE, an unheard-of accomplishment, though he often referred to himself as “just an altar boy from Jersey City” with many reminiscences of punishments and corrections meted out by a certain Sister Mary Herman at Xavier Catholic High School.

I remember hearing him on the squawk box after 9/11, discussing what was going on in the financial district, when the exchange might reopen and what might happen at that time. No one knew what would happen when markets reopened the next Monday, including Art, but getting information straight from him was comforting and useful. After leaving UBS in 2002, I was fortunate enough to have a colleague there from J.C. Bradford days who would forward Art's morning comments to me for years after, which were invaluable in those dark days in the fall of 2008 when the sky seemed to be falling.

There were two other things Art was known for that should be mentioned...

First, he led NYSE involvement in numerous charities for decades because at heart, he was still the poor kid who went to Xavier High School on a full scholarship in uniforms purchased for him by the parish priest and who arrived via car service arranged by a local nun. He was blessed beyond measure and determined to pay it forward.

Second, Art was known for being a founding member of “The Friends of Fermentation”, which was a group of floor traders and the like who convened meetings each day after the market closed to discuss the day's trading activity over numerous drinks (it was widely known that Art was a Dewar's man himself). This gathering started when the NYSE had an onsite club and then moved across the street to Bobby Van's Steakhouse, where it occurred every day the market was open for decades. Many market tealeaves were read at these daily meetings, which were often recounted in the next morning's comments.

If you would like to hear some of Art's stories and lessons learned for yourself, there is a great interview from late 2021 that was done at Bobby Van's. It is well worth the time to watch: <https://www.youtube.com/watch?v=rA8-MaJ21oI> .

I realize that this is not my normal commentary full of charts and data. However, in an age of sound bites, a guy shouting with buzzers and sound effects, and trading based off recommendations from someone who goes by the moniker Roaring Kitty – the Art Cashin's of the world should be remembered and celebrated. So, the next time you have a glass of your favorite fermented drink, think of Art Cashin, say a quick thanks, and then order another one, but make it a double – that's what Art would do.

David

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Index Descriptions

S&P 500: Representing approximately 80% of the investable U.S. equity market, the S&P 500 measures changes in stock market conditions based on the average performance of 500 widely held common stocks. It is a market-weighted index calculated on a total return basis with dividend reinvested.

Dow Jones Industrial Average Total Return: The Dow Jones Industrial Average is a composite of 30 stocks spread among a wide variety of industries, such as financial services, industrials, consumer services, technology, health care, oil & gas, consumer goods, telecommunications, and basic materials. The index represents approximately 23.8% of the U.S. market, and is price weighted (component weightings are affected by changes in the stocks' prices). Maintained by the Averages Committee, components are added and deleted on an as-needed basis.

Russell Midcap: A subset of the Russell 1000 index, the Russell Midcap index measures the performance of the mid-cap segment of the U.S. equity universe. Based on a combination of their market cap and current index membership, includes approximately 800 of the smallest securities which represents approximately 31% of the total market capitalization of the Russell 1000 companies. The index is created to provide a full and unbiased indicator of the mid-cap segment.

Russell 2000: Based on a combination of their market cap and current index membership, this index is comprised of approximately 2,000 of the smaller securities from the Russell 3000. Representing approximately 10% of the Russell 3000, the index is created to provide a full and unbiased indicator of the small cap segment.

NASDAQ: The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system.

MSCI EAFE (Europe, Australasia, Far East) Index: A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. As of June 2, 2014, the index consists of 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

MSCI Emerging Market Index: A free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of June 2, 2014, the index consists of the following 23 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and the United Arab Emirates.

Bloomberg Barclays U.S. Aggregate (BCAG): A representation of SEC-registered, taxable, and dollar denominated securities. The index covers the U.S. investment grade fixed rate bond market, with index components for asset-backed securities, government and corporate securities, and mortgage pass-through securities. Must be rated investment grade (Baa3/BBB- or higher) by at least two of the following rating agencies: Moody's, S&P, Fitch; regardless of call features have at least one year to final maturity, and have an outstanding par value amount of at least \$250 million.

Bloomberg Barclays U.S. Corporate High Yield: Covers the universe of fixed rate, non-investment grade debt which includes corporate (Industrial, Utility, and Finance both U.S. and non-U.S. corporations) and non-corporate sectors. The index also includes Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included. Must publicly issue, dollar-denominated and non-convertible, fixed rate (may carry a coupon that steps up or changes according to a predetermined schedule), and be rated high-yield (Ba1 or BB+ or lower) by at least two of the following: Moody's, S&P, and Fitch. Also, must have an outstanding par value of at least \$150 million and regardless of call features have at least one year to final maturity.

U.S. government bonds and Treasury notes are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. U.S. government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. Treasury notes are certificates reflecting intermediate term (2-10 years) obligations of the U.S. government. There is an inverse relationship between interest rate movements and bond prices. Generally, when interest rates rise, bond prices fall and when interest rates fall, bond prices generally rise.

International investing involves special risk, including currency fluctuations, differing financial accounting standards, and possibly political and economic volatility.

Investing in emerging markets can be riskier than investing in well established foreign markets.