

## WEEKLY INSIGHT

December 12, 2024

### Positive Sentiment Drives NASDAQ to an All Time High

Some are calling it the “Trump Rally,” others are saying it’s FOMO (fear of missing out). Regardless, we saw positive sentiment towards equities during which the tech heavy NASDAQ Composite Index closed above 20,000, the first time in its history.

That said, broader equity market indexes took a breather this week as the Russell 3000 modestly declined 0.2% as small caps fell 1.3% abetted by the 0.2% decline in large caps. Outside of the United States, the MSCI All Country World Index ex-USA slid 0.1%, which masked the uptick of 0.7% in emerging markets fully offset by the 0.4% drop in developed markets.

Bonds retreated 0.3% for the week.

### Economic Exuberance

S&P Global (SPGI) released its final U.S. Composite Purchasing Managers Index – Output Index for November, which advanced to 54.9, modestly below consensus expectations of 55.3. Nonetheless, the Index remained above 50 (greater than 50 indicates expansion; less than 50 indicates contraction) and November’s print represented a 31 month high driven by services, while manufacturing output declined. SPGI reported that growth in new orders hit a two and a half year high, while output prices rose at the slowest pace in four and a half years of inflation.

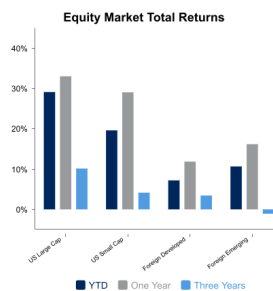
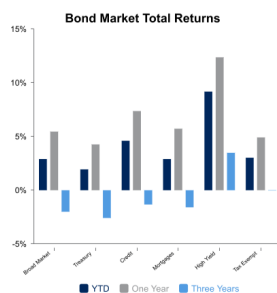
The Bureau of Labor Statistics (BLS) reported total nonfarm payrolls rose by 227,000 in November, which was above expectations. BLS stated “Employment trended up in health care, leisure and hospitality, government, and social assistance,” while “retail trade lost jobs.” The unemployment rate ticked up to 4.2% from 4.1%.

Positive sentiment was exhibited within the National Federation of Independent Business (NFIB) Small Business Optimism Index for November, which advanced to 101.7, its highest reading since June 2021 and broke a string of 34 months below its 50-year average of 98. NFIB reported that of its 10 components, nine increased, none declined, and one remained unchanged. According to NFIB’s Chief Economist, Bill Dunkelberg, “Main Street also became more certain about future business conditions following the election, breaking a nearly three-year streak of record high uncertainty.”

### Inflation Not Anticipated to Stave Off the Fed

BLS reported its Consumer Price Index (CPI) rose 0.3% month over month in November, modestly above expectations of 0.2%. Shelter, which rose 0.3%, was the key driver, and according to BLS accounted for nearly 40% of the monthly increase in all items. Year over year, CPI rose 2.7% in line with expectations.

According to FactSet, the current probability for a 25-basis point cut by the Fed at next Wednesday’s meeting stands at 95.4%.



Interest Rates (%)	Current	12M Ago	3YR Ago
Fed Funds Rate (Upper)	4.75	5.50	0.25
3-Month T-Bill	4.36	5.38	0.05
10-Year Treasury	4.27	4.20	1.48
30-Year Treasury	4.48	4.31	1.88
10-Year Corporate AA	4.99	5.14	2.09
10-Year High Yield Corp	6.31	6.95	3.90

Commodity Prices (\$)	Current	12M Ago	3YR Ago
Gold (\$/oz.)	2,718.23	1,979.54	1,782.84
Oil (WTI, \$/barrel)	70.29	68.61	71.67

Currencies	Current	12M Ago	3YR Ago
USD (Dollar Index Spot)	106.71	103.87	96.10
USD/EUR	0.95	0.93	0.88
USD/JPY	152.45	145.45	113.44

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