

# Convergence Commentary

## November 2024 Market Recap

### Quick Hits:

- Stocks rally after surprising election results.
- This month's Federal Reserve meeting is a coin flip.
- US Consumer spending remains healthy.

### Market-Moving Highlights

Thanksgiving is usually all about turkey, mashed potatoes, and stuffing. Here lately, it's come with a large side of beef – a bull market, that is. For the third consecutive year, stock prices rose sharply in the month of November.

The month certainly started off on the wrong foot, with the weakest jobs report since the depths of the COVID crisis. However, economists were quick to place blame on the temporary impacts of hurricanes and a labor strike. From there, attention quickly shifted to election results. Deemed a toss-up before election day, Republicans surprised forecasters by taking control of the Presidency, Senate, and House of Representatives. In the aftermath, investors have focused much more on the potential bullish outcomes that could stem from the incoming administration (tax cuts and deregulation), and much less on the potential bearish ones (trade disruptions and resurgent inflation). The result was the best month of the year for stocks.

As we enter December, attentions will be shifting again, this time back towards the labor market, consumer holiday spending, and the trajectory of Federal Reserve interest rate policy. It starts on Friday, when a new jobs report will give us our first look at how meaningful those impacts from hurricanes and labor strikes really were.

## Index Performance

Index	1 Month	YTD	1 Year	5 Year
S&P 500	5.73%	26.47%	32.56%	16.13%
Nasdaq Composite	6.21%	28.02%	34.78%	18.90%
Russell 2000	10.84%	20.11%	34.98%	10.02%
MSCI ACWI ex US	-1.04	5.07%	10.47%	6.16%
Bloomberg US Aggregate Bond	1.06	2.93%	6.48%	-0.06%

The Russell 2000 Index of small cap stocks led gains during November, rising more than 10% and doubling its year-to-date return. Thank the small caps' heavy weightings toward the Financials and Industrials sectors for their leadership, since those sectors are the ones deemed to benefit the most from the shifting regulatory environment. A testament to the breadth of the ongoing rally in equities, each of the S&P 500, NASDAQ, and Russell 2000 are up more than 30% over the past 12 months.

The world excluding the United States, however, has missed out on much of the stock rally in 2024. Slow economic growth and political upheaval in Europe, coupled with regulatory and demographic headwinds in much of Asia, have made gains outside of the US hard to come by in recent years.

## S&P 500 Sector Highlights & Commentary

Best-Performing Sectors		Worst-Performing Sectors	
Consumer Discretionary	13.24%	Health Care	0.13%
Financials	10.16%	Materials	1.45%
Industrials	7.33%	Communication Services	3.09%

All 11 S&P sectors posted gains in November, with the Consumer Discretionary sector leading the charge. This strong performance propelled Consumer Discretionary to the top spot as the best-performing sector year-to-date. Financials, which finished as the leading sector in October, maintained the momentum in November on the back of election results and hoped-for deregulation on the horizon.

The bottom of the leaderboard might look familiar if you read last month's update. Health Care sector continued to struggle, finishing November as the worst-performing sector for the second month in a row. Pharmaceutical and Biotechnology stocks were hit particularly hard. The Materials sector was slightly better, but finished as the second-worst sector for the second-straight month.

## What to Watch in December

[Click here to read our reference guide for economic indicators.](#)

### 12/6 – BLS Jobs Report - November

In October, the US economy added just 12,000 jobs, the lowest since the start of this economic expansion. Economists chalked that weak performance up to temporary factors, but keep in mind that softening in the jobs market has been a theme for the last year, not just the last month. The report for November will give some insights into whether October weakness was truly 'temporary' or instead another warning sign of a worsening employment situation.

### 12/11 – Consumer Price Index - November

Progress on price inflation slowed in October, as the headline CPI index rose to 2.6% year-over-year, up from the prior month's 2.4% reading. Core CPI, which tends to be a better measure of future prices, held steady at 3.3%. Both are hanging above the Fed's 2% annual inflation target, which could force the Fed to keep interest rates elevated if progress continues to stall.

### 12/17 – Retail Sales – November

Retail sales are what keep the US economy churning, and no time is more important for retail sales than the holiday season. We've seen initial estimates of holiday sales from third-party data providers, but the proof is in the Christmas pudding. This all-encompassing report from the US Census Bureau provides a broader picture of consumer health.

### 12/18 – FOMC Interest Rate Decision

The Federal Reserve will decide whether to continue with a gradual reduction in short-term interest or instead hold them steady. The market today is pricing in somewhat greater odds of a cut, but the outcome will depend largely on the data received between now and then.

### 12/20 – PCE Deflator – November

Just two days after the Fed decision, the Bureau of Economic Analysis will provide the latest update on the Fed's preferred measure of inflation: the PCE Deflator. This release obviously won't impact a decision that's already been made, but it could play an important role in the Fed's next decision at the end of January. Core PCE in October hit a 6-month high, a trend Fed officials are hoping reverses course.

# Market Wrap

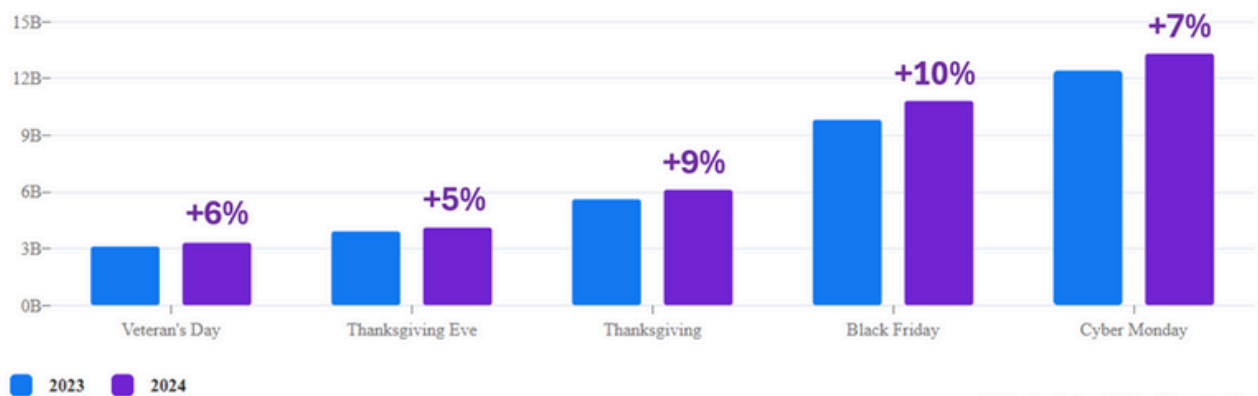
Never underestimate the hedonism of the US consumer.

It's hard to open the newspaper without reading about the struggles facing the average American: Inflation has eaten away at the purchasing power of paychecks. Interest rates have turned housing affordability on its head. Millions are drowning in student debt. Auto loan and credit card delinquencies are on the rise, and so on. These are all real and credible headwinds our economy faces.

Despite all that, the US consumer continues to spend. According to data from Adobe Analytics, year-over-year growth in holiday spending accelerated throughout the fall, reaching as high as 10% on Black Friday.

## Spend on Key Days

Revenue dollars: 2023 vs 2024



Adobe Analytics, Holiday Shopping Trends

Affordability crisis or not, Santa Claus is still coming to town. That bodes well for the US economy, where roughly two-thirds of GDP comes from consumption.

## Sources

[Bureau of Economic Analysis](#)

[Bureau of Labor Statistics](#)

[Census Bureau](#)

[BlackRock](#)

[Adobe Analytics](#)

Market performance data sourced from [Ycharts](#) and [Optuma](#)

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly.

## Your Investment and Research Team

The Convergence Financial Investment and Research team is composed of investment professionals who seek to understand market trends and position our clients' portfolios appropriately. A core tenet of our investment philosophy is that no one can beat the market on a consistent basis, so sticking to disciplined investing habits and maintaining a long-term focus is our top priority.



**Travis Cook,**  
**CFP®, CMFC®**  
CEO, Financial Advisor



**Tyler Hoffmann,**  
**MBA**  
President,  
Financial Advisor



**Dr. John**  
**Stansfield, CFA®**  
Director of  
Investments



**Austin Harrison,**  
**CFA®, CMT®**  
Director of  
Investments



3919 S. Providence Rd, Columbia, MO 65203

573-818-2264

[www.convergence-financial.com](http://www.convergence-financial.com)

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Convergence Financial, LLC, a registered investment advisor. Convergence Financial and LPL Financial are separate unaffiliated legal entities.