

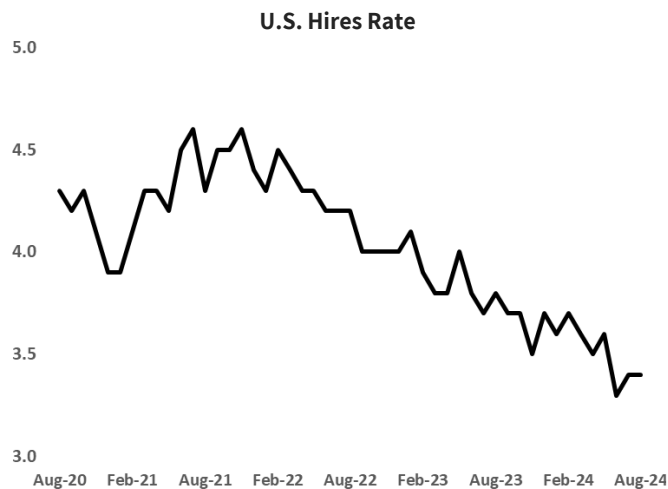
Bad News Is Good News

Last week's economic reports provided further evidence that the U.S. job market is slowing. Despite headline growth of 227,000 jobs in November, a higher unemployment rate and lengthening duration of unemployment suggest that job seekers are finding a less hospitable market. In addition, companies have slowed their rate of new hires to the lowest level in 10 years.

A slowing job market may not be welcome news for job seekers, but it was welcome news for bond and stock investors. Both markets rallied following the report's release on increased confidence that the Federal Reserve—aiming to extend the economy's expansion—will continue lowering interest rates at its meeting next week. In the hours following the report's release the implied probability of another 0.25% interest-rate cut grew to 85%.

Lower rates benefit not only individual and corporate borrowers; lower rates also support stock prices by increasing the present value of future cash flows. Hopes of lower rates have helped propel the S&P 500 to over 50 all-time highs in 2024. Last week's bad-news-is-good-news jobs report helped keep those hopes alive.

CHART OF THE WEEK



Bureau of Labor Statistics, Hire Rates as of October 31, 2024, and payrolls and unemployment data as of November 30, 2024. Data accessed via Bloomberg.

Equities	Index Returns (%)					
	Level	1 Week	QTD	YTD	1 Year	3-Year Ann.
S&P 500	6053	0.13	5.31	28.56	33.27	10.35
Russell 1000 Growth	4125	2.02	9.24	36.06	40.48	11.27
Russell 1000 Value	1911	-2.03	2.55	19.65	25.22	7.98
FTSE High Dividend Yield*	465	-1.57	2.87	20.69	26.39	9.62
S&P Small and Mid Cap	18539	-1.48	6.35	19.38	27.22	6.83
MSCI EAFE	2362	1.82	-4.05	8.99	14.05	4.45
MSCI EM	1114	2.56	-4.70	11.67	17.49	-0.52

* Bloomberg U.S Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.

Fixed Income	Index Returns (%)					
	Yield	1 Week	QTD	YTD	1 Year	3-Year Ann.
U.S. Aggregate	4.62	0.14	-1.25	3.14	6.02	-1.76
U.S. Int. Gov/Credit	4.36	0.18	-0.80	3.84	5.88	0.14
U.S. Corporates	5.02	0.12	-0.85	4.42	7.75	-1.45
High Yield	7.07	0.34	1.06	9.15	12.44	3.49
Municipals (1-10)	3.03	0.20	0.16	2.03	3.15	0.55

Key Rates	Levels (%)					
	Last	1 Wk Ago	Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago
2-yr Treasury	4.13	4.18	3.64	4.25	4.71	0.66
10-yr Treasury	4.20	4.23	3.78	3.88	4.23	1.49
30-yr Treasury	4.39	4.40	4.12	4.03	4.33	1.88
SOFR	4.63	4.64	4.96	5.38	5.32	0.05
6-mo. CD rate	4.39	4.43	4.41	5.28	5.55	0.32
Prime Rate	7.75	7.75	8.00	8.50	8.50	3.25
30-yr fixed mortgage	6.96	7.09	6.68	6.99	7.32	3.25

Returns as of December 3, 2024

LAST WEEK IN REVIEW

- **ISM Manufacturing PMI (Nov):** 48.4, an improvement from October.
- **JOLTS (Oct.):** 7.74 million openings reported, essentially unchanged from September. Report indicates about one job opening per person looking for work.
- **ISM Services PMI (Nov.):** 52.1, deteriorating from October. Prices paid also increased month-over-month.
- **Payrolls and Unemployment (Nov.):** 227K jobs created, matching expectations and indicating a rebound from October. Increased unemployment (4.246%) matches July unemployment high.

THIS WEEK

- **NFIB Small Business Optimism (Nov.):** 12/10
- **Consumer Price Index (Nov.):** 12/11
- **Producer Price Index (Nov.):** 12/12
- **Import Price Index (Nov):** 12/13

Equities	Index Characteristics				
	NTM P/E	NTM P/E (20Y med)	NTM P/S	NTM P/S (20Y med)	Div. Yld
S&P 500	25.7	16.8	3.2	1.7	1.2
Russell 1000 Growth	34.9	19.8	6.0	2.0	0.6
Russell 1000 Value	19.7	15.0	1.9	1.4	2.0
FTSE High Dividend Yield*	14.9	14.3	1.6	1.6	3.9
S&P Small and Mid Cap	20.6	19.0	1.4	1.2	1.5
MSCI EAFE	15.1	14.7	1.5	1.1	3.0
MSCI EM	13.9	12.5	1.5	1.3	2.5

Currencies	Levels			
	Last	1 Wk Ago	Prev YE	3 Yrs Ago
DXY	106.40	106.37	101.33	96.10
\$ per €	1.05	1.05	1.10	1.13
\$ per £	1.28	1.27	1.27	1.33
¥ per \$	151.86	149.60	141.04	113.44

Commodities	Levels			
	Last	1 Wk Ago	Prev YE	3 Yrs Ago
Oil (WTI)	68.73	69.94	69.94	62.59
Gasoline	3.01	3.03	3.12	3.33
Natural Gas	3.18	3.04	2.51	3.93
Gold	2693	2643	2063	1783
Copper	9173	9010	8464	9507
Wheat	545	537	628	782
BBG Index	238.29	234.74	226.43	206.94

S & P SECTOR RETURNS

