



## **Weekly Market Commentary**

**November 13, 2024**

### **The Markets**

Stock markets celebrated the results of the presidential election. Bond markets were less enthusiastic.

Last week, United States stock markets rallied, and the U.S. dollar gained against other currencies, following the presidential election. The CBOE Volatility Index, Wall Street's Fear gauge, also moved lower after concerns about a long wait for election results were quelled by a swift result, reported Alexandra Semenova of *Bloomberg*.

"...the [stock] markets roared in approval of this Trump-vember surprise...Yes, expect tax cuts, less regulation, fewer guardrails, and a government no longer picking winners and losers (except for tariffs), all reasons why investors perceive the incipient environment to be advantageous. And yet, with all the dancing, dancing, dancing in the streets, note that this new freedom could be accompanied by greater risk in the capital markets," reported Andy Serwer of *Barron's*.

The bond market's response to the election was measured. The Federal Reserve (Fed) began lowering the federal funds rate in September. Typically, Fed rate cuts lead to lower borrowing costs for consumers and businesses, which supports economic growth. However, the yield on the 10-year U.S. Treasury, which is a benchmark for mortgage rates, corporate bonds, and other loan rates, has trended higher since September as strong economic data caused the market to rethink its expectations for future rate cuts.

Now, the bond market is evaluating future rate cuts in the context of the new administration's policies. "...the outlook for further rate cuts has been clouded by expectations that key elements of Trump's economic platform such as tax cuts and tariffs will lead to faster growth and higher consumer prices. That could make the Fed wary of

risking an inflationary rebound by cutting rates too deeply next year,” reported Davide Barbuscia and Lewis Krauskopf of Reuters.

Markets are likely to remain volatile over the coming weeks as investors speculate about the impact of new policies on financial markets. Last week, major U.S. stock indices surged higher. Yields on U.S. Treasuries were mixed with yields moving lower on the shortest and longest maturities and rising for other maturities.

<b>Data as of 11/8/24</b>	<b>1- Week</b>	<b>YTD</b>	<b>1-Year</b>	<b>3- Year</b>	<b>5-Year</b>	<b>10-Year</b>
Standard & Poor's 500 Index	4.7%	25.7%	36.8%	8.4%	14.2%	11.4%
Dow Jones Global ex-U.S. Index	0.7	7.1	17.6	-1.5	3.2	2.6
10-year Treasury Note (yield only)	4.3	N/A	4.5	1.5	1.9	2.4
Gold (per ounce)	-1.9	29.5	37.4	13.9	13.0	8.8
Bloomberg Commodity Index	0.1	-0.5	-4.1	-1.5	4.2	-1.7

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; [djindexes.com](https://djindexes.com); U.S. Treasury; London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

**IT’S A DIRTY JOB...**If you’re a fan of baseball, you probably know that major league baseball teams don’t use balls that are fresh out of the box. In fact, the Official Baseball Rules for 2024 explains umpires’ pregame duties which include:

“Receive from the home Club a supply of regulation baseballs, the number and make to be certified to the home Club by the Office of the Commissioner. The umpire shall inspect the

baseballs and ensure they are regulation baseballs and that they are properly rubbed so that the gloss is removed. The umpire shall be the sole judge of the fitness of the balls to be used in the game.”

Usually, the gloss is removed by rubbing Lena Blackburne Baseball Rubbing Mud into the unused baseballs. “Originally marketed as ‘magic,’ it’s just a little thicker than chocolate pudding—a tiny dab is enough to remove the factory gloss from a new ball without mucking up the seams or getting the cover too filthy. Equipment managers rub it on before every game, allowing pitchers to get a dependable grip,” reported Emma Baccellieri of *Sports Illustrated*.

The mud is sourced from a secret location, somewhere along a tributary of the Delaware River, has been passed from generation to generation of this family business since the 1930s. The mud is unique because it has “a high clay content in the soil, an oddity for the area, plus brackish water from the tributary mixing with ‘cedar water’ dropping from nearby trees. Perfect conditions exist for only about a mile.” Jim Bintliff told Baccellieri.

Recently, researchers at the University of Pennsylvania School of Engineering and Applied Science and School of Arts & Sciences studied the mud and then published their findings in *Proceedings of the National Academy of Sciences*. According to ScienceDaily, the paper’s lead author devised three experiments to determine whether mudding baseballs is a superstition, like rally caps and playoff beards, or a value-adding process. The experiments measured the mud’s spread-ability and stickiness, as well as any change in “friction against the fingertips.”

The experiments confirmed baseball players’ long-held belief that magic mud really does improve the performance of baseballs. The substance “spreads like a skin cream and grips like sandpaper,” according to the research.

### **Weekly Focus – Think About It**

“Baseball is 90 percent mental. The other half is physical.”

—Yogi Berra, *baseball legend*

Best regards,

**Lem**

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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\* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

\* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

\* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

\* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

\* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

\* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold

data is Federal Reserve Bank of St. Louis  
(FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.

\* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

\* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

\* The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

\* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

\* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

\* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

\* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

\* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

\* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

\* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

\* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.

\* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

\* Asset allocation does not ensure a profit or protect against a loss.

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