Market Update

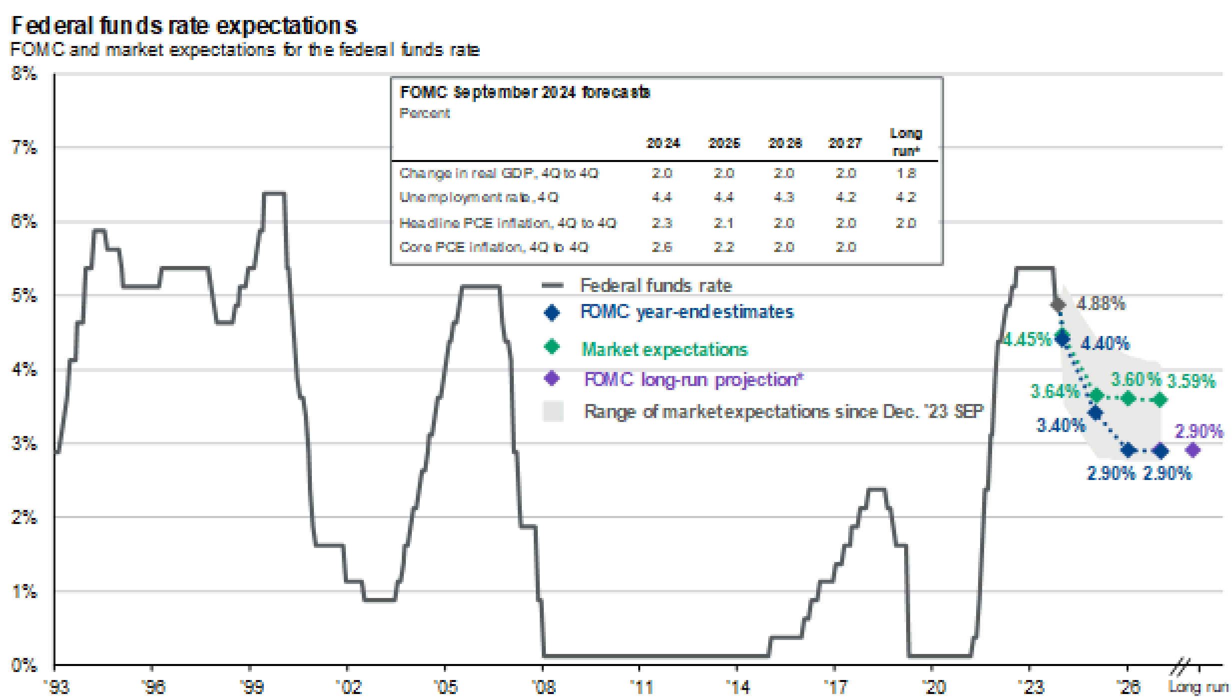
DECEMBER 2024

"What's Past is Prologue."
-William Shakespeare

Index	Nov. 2024*	YTD 2024*
S&P 500	5.9%	28.1%
Russell 2000	11.0%	21.6%
Bloomberg AGG Bond	1.1%	3.1%
MSCI World, Ex-US	1.3%	13.0%

*Total Returns Source: Factset Data

The famous value investors Ben Graham and David Dodd once said, "...in the short run the stock market is a voting machine." With the equity markets rallying across the board in November, the market has clearly voted in favor of 2024's election results. Interestingly, sector performance and even capitalization-based returns last month mimicked closely results from November 2016. The Russell 2000's 11% return matched exactly results from 8 years ago and financials, industrials, and energy were the best sectors in both months. With this major event in the rearview mirror, markets will now focus on potential changes to fiscal and regulatory policies, as well as direction and magnitude of monetary policy changes.



SOURCE: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.

As the chart above illustrates, market expectations for Fed interest rate policy over the next year is for further Fed Funds rate cuts. It is notable given so much attention to the inflationary potential of new tariffs expected in the coming years, market expectations for rate cuts (green) are more muted than even the FOMC participant's forecasts (blue.) Either way, with the Fed still in easing mode and prospects at least better for tax cuts and an easier regulatory environment, the most recent momentum behind equity prices is likely to remain in place.

As recently as August, so-called growth and value stocks were performing in-line (see chart below), however since then participants have favored more speculative issues on hopes that recent electoral victories can be translated into legislative victories on tax rates and financial regulations.

SOURCE: Factset Data Research

At Seacoast Wealth we never take our eyes off the ball of underlying company fundamentals, including stock valuations. With the third quarter earnings season now complete it is worth noting our equity holdings delivered revenue and earnings results ahead of market expectations while maintaining about a 15% discounted Price-Earnings ratio compared with the S&P 500. Moreover, other quality measures like balance sheet leverage, free cash flow conversion and invested capital returns are more favorable versus the overall market and provide a margin of safety if the policy implementations of the new administration face unforeseen challenges.

As always, we appreciate the opportunity to work with you, and if you have any questions, please do not hesitate to reach out to your Seacoast Wealth Management Associate.

Sources: JP Morgan Asset Management; NASDAQ; FactSet; Bloomberg; Broadridge: *Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK);* www.goldprice.org *(spot gold/silver); Oanda/FX Street (currency exchange rates). News items are* *based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful. The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks.*