

# Market Update

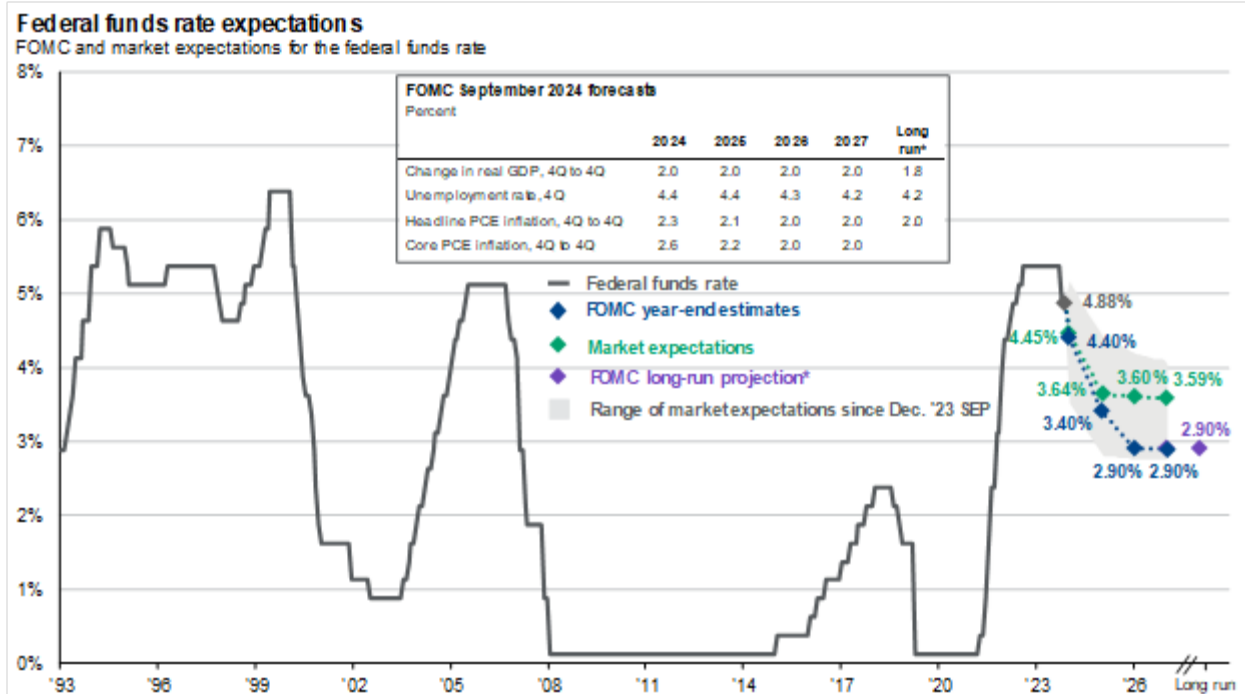
DECEMBER 2024

*“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.

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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](http://www.goldprice.org) (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are

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