

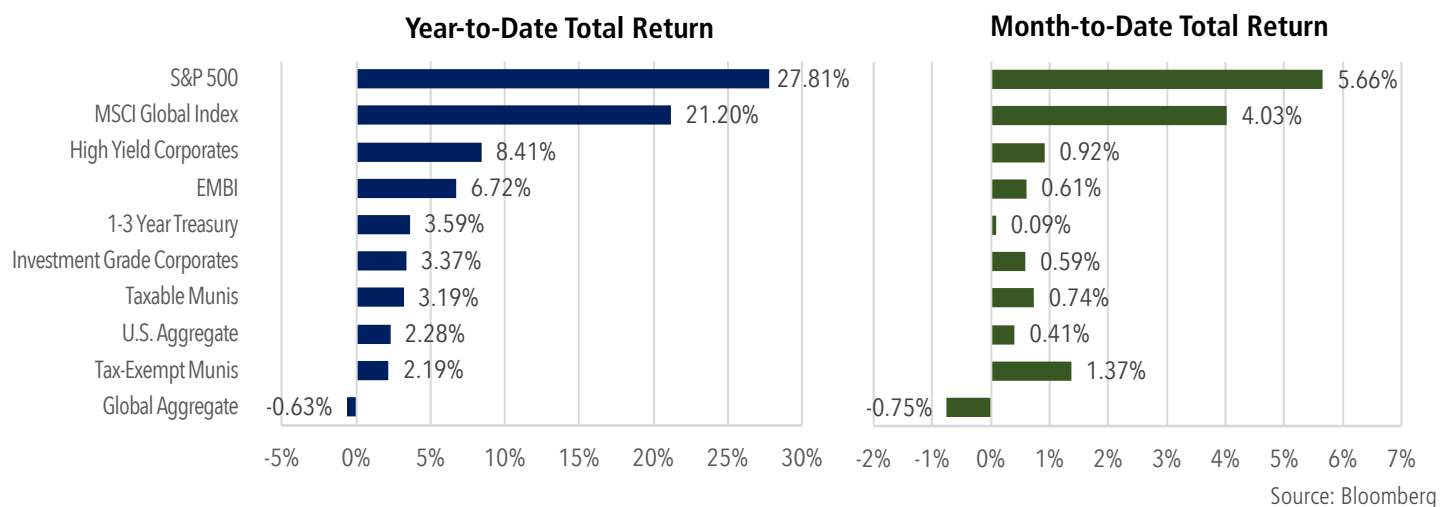
Week Ending: **November 29, 2024**

Harvesting Profits

Economic Overview:

As we head into Thanksgiving Weekend in the U.S., the S&P 500 Index made its 52nd record high this year based on strong economic data and the chance that the Fed will continue cutting rates well into 2025 (although at a slower pace). Year-to-date, the S&P 500 Total Return Index also attained its best performance since 1998, outperforming the peak performance during the dot-com bubble. Is the stock market nearing a peak? In our expectations of a "soft landing," where inflation moderates and GDP grows at or above trend, "risk" assets like equities outperform. Further, we now anticipate more rate cuts from the Federal Reserve than market pricing—a rare occurrence for us during this hiking cycle. Consequently, a Fed cutting faster absent a recession bodes even better for equities. Lastly, business cycles don't "get tired" or "die of old age." The last expansion lasted 128 months (~11 years), whereas we've only been in the current expansion for 55 months. Are we on track to break the record? If so, equities may continue to make new highs. [Now that's something to be thankful for.](#)

Total Returns by Asset Class



Highlights of the Week:

High Yield: This week, the most important bonds are those between family and friends. After all, they are the HIGHEST yielding bonds when you think about it. Happy Thanksgiving!

Equities: The U.S. equity market ended higher for this holiday-shortened week. Lower interest rates boosted investor sentiment, which offset mixed corporate earnings results. Most sectors posted gains, with real estate, health care, and utilities up by more than +1%, while energy and technology were the only negative-performing sectors.

Securitized Products: The commercial mortgage-backed security new issue market continued its robust year-long trend even into the holiday week, with one deal pricing and another beginning pre-marketing. In the secondary market, liquidity has been strong, and spreads continue to rally. Looking forward to 2025, market consensus is that commercial real estate headwinds have abated, and the outlook appears to be bright. We expect new issue volumes to be high and spreads to continue to tighten.