Macro Economic Overview - November 2024

Uncertainty leading up to the Presidential election brought about volatility in the equity markets while bonds were weighed by a resurgence in inflation fears. Equity and fixed income markets will digest the outcome of the election over the next few weeks, in anticipation of more detailed and concise fiscal policy objectives by the elected administration.

Fiscal policy, expanding federal deficits, and continued issuance of tremendous government debt drove bond yields higher in October. The expectation of deregulation and low corporate tax rates drove equities higher in response to the election results.

The financial aftermath of Hurricanes Milton and Helene, were made apparent by economic and employment data released in October, revealing a slowdown in consumer activity and dismal jobs growth. The affects of the hurricanes were felt nationwide as distribution routes, energy facilities, and travel were hindered.

Mortgage rates rose for the fifth week in a row, ending October with a 6.72% average rate for a 30 year fixed mortgage. The average rate had fallen to 6.08% at the end of September, then steadily began to rise as bond yields rose throughout the month.

President	Inauguration Date	Dow Jones Average
William Taft	March 4, 1909	59
Herbert Hoover	March 4, 1929	313
Harry Truman	April 12, 1945	158
John F Kennedy	January 20, 1961	634
Gerald Ford	August 9, 1974	777
Ronald Reagan	January 20, 1981	950
Bill Clinton	January 20, 1993	3241
George W Bush	January 20, 2001	10587
Barack Obama	January 20, 2009	7949
Donald Trump	January 20, 2017	19827
Joe Biden	January 20, 2021	31188

Concerns surrounding a resurgence of inflationary pressures weighed on the equity and bond markets, elevating yields throughout October. Proposed tariffs on imported goods as well as discussions to weaken the U.S. dollar, continued debt issuance by the U.S. government, and rising insurance premiums, food costs, housing and energy expenses, all fed inflation fears.

Proposals of imposing new tariffs on imports is directed at countering the nation's expanding trade deficit. A trade deficit results as the U.S. imports more than it exports, placing a strain on the nation's economic expansion. Imports into the U.S. in 2023 were valued at $3.83 trillion, while exports were valued at$3.05 trillion in 2023. Tariffs may adversely increase prices for consumers as companies pass along the costs of tariffs, which is considered to be inflationary.

Consumer sentiment fell for the first time in three months, as frustrations with lingering high prices continued to challenge consumers. The University of Michigan Consumer Sentiment Index dropped to 68.9 from 70.1.

As the Presidential inauguration approaches in January 2025, the equity markets have been at various levels throughout the decades. Fiscal policy as well as programs structured to enhance economic growth have been crucial to the expansion and stability of equities and the economy for over a hundred years. A historical measure of how the equity markets have performed and grown throughout numerous administrations, can be tracked by the Dow Jones Industrial Average.

Sources: Treasury Dept., Federal Reserve, Univ. of Michigan, CBO, FreddieMac, NOAA