

# CAPITAL MARKETS REPORT - NOVEMBER 18, 2024



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## Market Movers:

- Wednesday's CPI print and core readings were both in line with expectations, but they remain higher than the Fed's target with CPI YoY +2.6% and CPI Ex Food & Energy YoY +3.3%. After the report, the market-implied probability of a rate cut in December increased from 55% to 82%.
- Treasury yields soared Tuesday and the dollar hit its highest level in two years ahead of last weeks CPI report which showed an uneven path of easing price pressures in the home stretch toward the Fed's target. The 10-year treasury yield advanced 12bps to 4.43%.
- Small Business Optimism improved and beat estimates while the New York Fed's 1-year inflation expectations fell to 2.87%, below estimates.
- A Consumer Price Index that matched estimates brought a certain degree of relief to traders fearing a hotter print. Yet several Fed officials reiterated their deep uncertainty over how far the central bank will need to lower rates.
- Shorter-dated treasuries outperformed, with the yield on two-year notes dropping from the highest since July. The dollar held at a two-year high. Bitcoin topped \$93,000.
- Stocks fell Thursday after Powell signaled there's no need for the Fed to rush with rate cuts as the economy is holding up. The equity market closed near session lows, two-year yields spiked and the dollar climbed after Powell's remarks. Traders reversed bets on a December rate reduction to around 55%, back from 80%. Several policymakers have urged a cautious approach to further rate cuts as well.
- Initial Jobless Claims declined to 217k, while Continuing Claims fell to 1873k.
- Stocks fell Friday with the S&P headed for its worst week in months as the Trump trade lost steam and October retail sales fell.

## Market Last Week

	11/8/24 Close	11/15/24 Close	Weekly Change
2 yr. Note	4.26%	4.31%	+5bps
5 yr. Note	4.19%	4.31%	+12bps
10 yr. Note	4.31%	4.44%	+13bps
30 yr. Bond	4.47%	4.62%	+5bps
SOFR Rate	4.60%	4.57%	-3bps

## Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
11/18/24 10:00 AM	NAHB Housing Market Index	43	43
11/19/24 8:30 AM	Housing Starts	1335k	1354k
11/19/24 8:30 AM	Building Permits	1440k	1425k
11/20/24 7:00 AM	MBA Mortgage Applications	n/a	0.5%
11/21/24 8:30 AM	Philadelphia Fed Business Outlook	7.0	10.3
11/21/24 8:30 AM	Initial Jobless Claims	220k	217k
11/21/24 8:30 AM	Continuing Claims	1887K	1873k
11/21/24 10:00 AM	Leading Index	-0.3%	-0.5%
11/21/24 10:00 AM	Existing Home Sales	3.95m	3.84m
11/22/24 9:45 AM	US Manufactur- ing PMI	48.9	48.5
11/22/24 9:45 AM	US Services PMI	55.1	55.0
11/22/24 10:00 AM	Univ. of Michigan Sentiment	73.7	73.0

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