

# Independence Asset Advisors

## MONTHLY MARKET REVIEW – November 2024

	Nov 2024	YTD	1-Year	3-Years	5-Years	10-Years
U.S. Large Cap Equities S&P 500	5.87%	28.07%	33.89%	11.44%	15.77%	13.35%
U.S. Small Cap Equities Russell 2000	10.97%	21.58%	36.43%	4.96%	9.90%	9.05%
Energy Infrastructure Equities Alerian U.S. Midstream	17.38%	61.93%	58.79%	36.06%	24.04%	8.67%
U.S. Real Estate Equities Dow Jones U.S. Select REIT	4.58%	16.41%	28.08%	2.31%	4.74%	5.86%
Global Equities MSCI All Country World Index	3.74%	20.34%	26.12%	7.68%	11.36%	9.28%
International Developed Equities MSCI EAFE	-0.57%	6.24%	11.88%	4.15%	5.89%	5.07%
Emerging Market Equities MSCI Emerging Markets	-3.59%	7.65%	11.86%	-1.27%	3.20%	3.16%
U.S. Taxable Fixed Income Bloomberg U.S. Aggregate	1.06%	2.93%	6.88%	-1.95%	-0.01%	1.52%
U.S. Tax-Exempt Fixed Income Bloomberg Municipal Aggregate	1.73%	2.55%	4.93%	-0.01%	1.35%	2.45%
High Yield Fixed Income Bloomberg U.S. Corporate High Yield	1.15%	8.66%	12.71%	3.70%	4.72%	5.06%
Floating Rate Loans Morningstar LSTA U.S. Leveraged Loan	0.83%	8.34%	10.13%	7.03%	6.07%	4.96%

## MARKET UPDATE

- U.S. election results, and the implications of new governmental policies, were the primary drivers of market performance in November.
- U.S. large cap stocks gained nearly 6%, with similar performance reported across “growth” and “value.”
  - The S&P 500 Index set a new record high of 6,032 on the final trading day of the month.
  - Large cap “value” traded at a 40% discount to “growth” based on Current P/E.
  - Energy Infrastructure led equities after returning 17.4%; majority of the gain occurred post-election.
- Non-U.S. equity results were negative amid slowing economic momentum and geopolitical tensions.
  - Emerging markets declined 3.6%, led by Chinese equities, which fell amid concerns about future trade conflicts with the U.S. and potentially insignificant government support measures.
- Fixed income category returns were modest, but broadly positive, as yields moved lower.
- Investment grade and high yield bond yields decreased to 4.6% and 7.1%; loans yielded 8.9%.
- The yield curve narrowed between 2-year and 10-year Treasuries to 0.05% (historical spread is 0.86%).

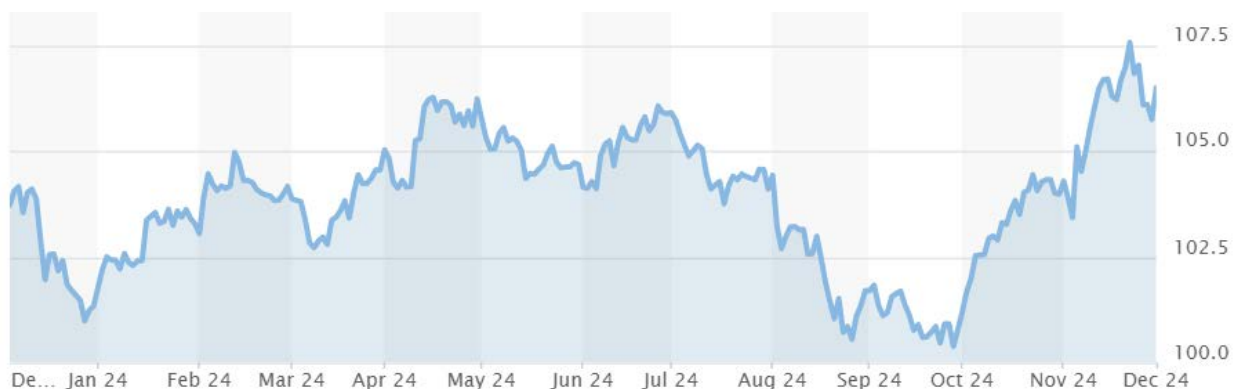
Sources: eVestment, JP Morgan, xe.com, Trading Economics, MacroTrends, StatisticsCanada, Bloomberg, Financial Post, bea.gov, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Reuters

## IAA's WATCH LIST:

Category	Comments
<b>Growth</b>	<ul style="list-style-type: none"> <li>The second estimate showed the U.S. economy expanded at a solid 2.8% seasonally adjusted annual rate.</li> <li>Consumer spending supported the growth, rising 3.5%.</li> <li>Businesses have rushed to build up inventories ahead of potentially restrictive foreign policy changes, resulting in a 10.2% increase in imports.</li> </ul>
<b>Profits</b>	<ul style="list-style-type: none"> <li>The 3Q24 earnings season is nearly complete (95%): <ul style="list-style-type: none"> <li>Projected Earnings Per Share (EPS) of \$61.61; 4.6% y/y and 1.8% q/q.</li> <li>Mega cap tech and health care delivered double digit earnings growth.</li> </ul> </li> </ul>
<b>Jobs</b>	<ul style="list-style-type: none"> <li>The October jobs report showed the U.S. economy added 12,000 jobs.</li> <li>112,000 jobs were removed from the August and September reports.</li> <li>The October result was skewed by weather (hurricanes) and corporate strikes.</li> </ul>
<b>Inflation</b>	<ul style="list-style-type: none"> <li>October Personal Consumption Expenditures Index (PCE) - Fed's Preferred Gauge: <ul style="list-style-type: none"> <li>Headline: 2.3% y/y (0.2% increase m/m).</li> <li>Core: 2.8% y/y increase.</li> </ul> </li> </ul>
<b>Interest Rates</b>	<ul style="list-style-type: none"> <li>The FOMC elected to lower the policy rate by 0.25%; range of 4.50%-4.75%: <ul style="list-style-type: none"> <li>The FOMC year-end estimated policy rate is 4.40% (no change m/m).</li> <li>The market expectation increased by 0.02% m/m to 4.47%.</li> </ul> </li> </ul>

## CANADA:

- The U.S. dollar index (DXY) **increased** 1.7% in November and **increased** 4.4% year-to-date (see chart below), while the U.S. dollar **strengthened** 5.7% (YTD) against the Canadian dollar to end the month with an exchange rate of **1.40**.
- The Bank of Canada maintained its policy interest rate of 3.75%.
- The central bank has lowered its policy rate by 1.25% in 2024.
- The Bank of Canada's final meeting of the year is scheduled for December 11<sup>th</sup>.
- Canada's economy grew as expected at an annualized rate of 1% in the third quarter.
- Household and government spending supported growth; offset by lower business investment.
- Canada is expected to further reduce interest rates to 2.75% by mid-2025.



Sources: eVestment, JP Morgan, xe.com, Trading Economics, MacroTrends, StatisticsCanada, Bloomberg, Financial Post, bea.gov, U.S. Dept of Labor/Bureau of Labor Statistics, Bank of Canada, Reuters

## COMMODITIES:

### OIL:

- **The price of crude oil was \$68.15 per barrel (WTI).**
- Oil prices decreased \$2.47 per barrel, or 3.5%, in November.
- Crude oil traded lower in November as markets awaited the highly anticipated December OPEC+ meeting. Notably, Saudi Arabia announced in November that it would reduce crude oil prices for Asian purchasers in January to the lowest level in four years.
- **Oil is forecasted to trade between \$60 and \$75 per barrel over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2024	\$76.36	\$87.01	\$66.37	-4%
2023	\$77.64	\$93.84	\$66.74	-11%
2022	\$94.53	\$123.70	\$71.59	7%
2021	\$68.17	\$84.65	\$47.62	55%
2020	\$39.68	\$63.27	\$11.26	-21%
2019	\$56.99	\$66.24	\$46.31	35%
2018	\$65.23	\$77.41	\$44.48	-25%
2017	\$50.80	\$60.46	\$42.48	12%
2016	\$43.29	\$54.01	\$26.19	45%
2015	\$48.66	\$61.36	\$34.55	-31%
2014	\$93.17	\$107.95	\$53.45	-46%

### COPPER:

- **The price of copper was \$4.14 USD per pound.**
- Copper prices decreased \$0.22 per pound, or 5.0%, in November.
- Copper prices traded lower in November as the U.S. dollar strengthen following speculation of 100% tariffs on BRICS member countries. A stronger dollar makes dollar-denominated commodities more expensive for buyers holding other currencies.
- **Copper is forecasted to trade between \$4.05 and \$4.30 per pound over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2024	\$4.23	\$5.10	\$3.68	6%
2023	\$3.86	\$4.28	\$3.57	2%
2022	\$4.00	\$4.94	\$3.23	-14%
2021	\$4.24	\$4.76	\$3.52	27%
2020	\$2.80	\$3.63	\$2.10	26%
2019	\$2.72	\$2.97	\$2.53	6%
2018	\$2.93	\$3.30	\$2.56	-20%
2017	\$2.81	\$3.30	\$2.49	32%
2016	\$2.20	\$2.69	\$1.94	17%
2015	\$2.49	\$2.94	\$2.02	-25%
2014	\$3.11	\$3.38	\$2.83	-17%

### ALUMINUM:

- **The price of aluminum was \$2,601 USD per tonne.**
- Aluminum prices decreased \$4.00 per tonne, or 0.2%, in November.
- Aluminum prices traded modestly lower in November, but the outlook for the commodity is favorable for U.S. markets. Tariffs and dollar strength would directly impact foreign countries.
- **Aluminum is forecasted to trade between \$2,550 USD/tonne and \$2,650 over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2024	\$2,448	\$2,768	\$2,159	9%
2023	\$2,288	\$2,662	\$2,122	0%
2022	\$2,711	\$3,966	\$2,103	-15%
2021	\$2,486	\$3,198	\$1,954	42%
2020	\$1,732	\$2,068	\$1,427	9%
2019	\$1,811	\$1,936	\$1,706	-2%
2018	\$2,115	\$2,556	\$1,817	-19%
2017	\$1,979	\$2,272	\$1,686	34%
2016	\$1,610	\$1,784	\$1,450	12%
2015	\$1,679	\$1,978	\$1,436	-18%
2014	\$1,984	\$2,107	\$1,840	0%

## Disclosures:

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