NOVEMBER 2024

Capital Markets Commentary

MEEDER

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Market Rally Continues

Equity markets surged in November, rebounding strongly after a pause in October due to election-related uncertainty. The S&P 500 Index posted its strongest monthly return of 2024, climbing +5.9% and bringing its year-to-date total return to an impressive +28.1%. A broader market rally also unfolded, with mid-cap stocks leading the charge. The Russell Mid-Cap Index soared +8.8%, while small-cap stocks, represented by the Russell 2000 Index, gained +11.0%.

Meanwhile, international equities underperformed, primarily due to the strengthening U.S. Dollar, which recently reached its highest level in a year. The MSCI Emerging Markets Index also fell -3.6%, and the MSCI EAFE Index slipped -0.6%. Bond markets delivered modest gains, with the Bloomberg U.S. Aggregate Bond Index rising +1.1% amid stabilized interest rate expectations.

AS OF NOVEMBER 30, 2024

AS OF NOVEMBER 30, 2024	MONTH	YTD
S&P 500 Index TR USD	5.87%	28.07%
Russell Mid Cap Index TR USD	8.82%	24.07%
Russell 2000 Index TR USD	10.97%	21.58%
MSCI EM Index NR USD	-3.59%	7.65%
MSCI EAFE Index NR USD	-0.57%	6.24%
Bloomberg US Agg Bond Index TR USD	1.06%	2.93%

SOURCE: MORNINGSTAR

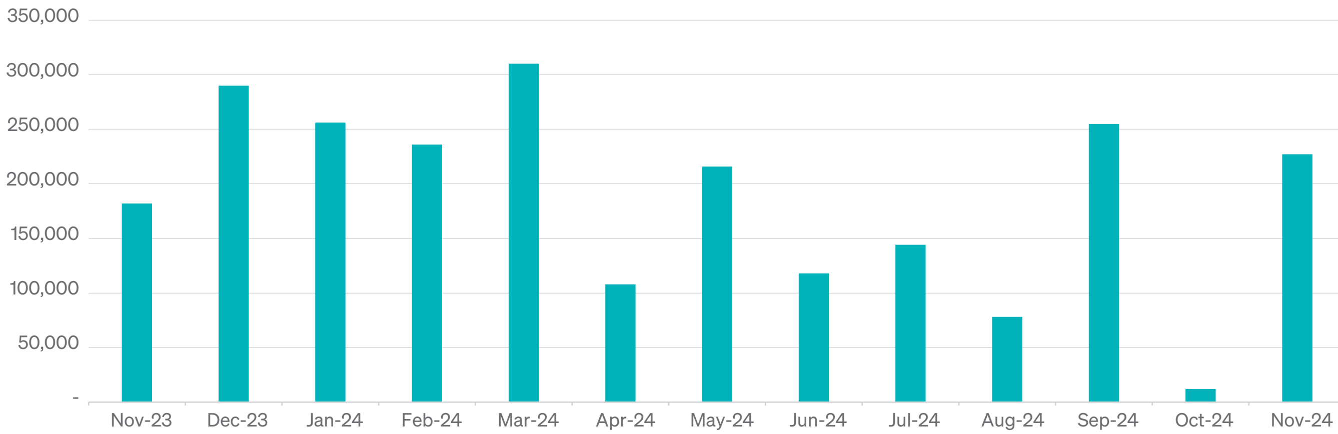
Federal Reserve and Economic Outlook

On November 7, the Federal Open Market Committee (FOMC) reduced the Federal Funds Rate by 0.25%, bringing it to a target range of 4.50%–4.75%. This was only the second rate cut of the year and aligned with market expectations.

At the meeting's conclusion, Fed Chair Jerome Powell stated, "Our baseline expectation is that we'll continue to move gradually down towards neutral, that the economy will continue to grow at a healthy clip, and that the labor market will remain strong…" This outlook remains supported by data, with Q3 GDP growth reported at +2.8% and little indication of an economic slowdown.

November's labor market data provided further evidence of resilience. Nonfarm payrolls rose by 227,000, exceeding expectations of 200,000 and rebounding sharply from October's meek revised gain of 36,000. Over the past 12 months, payroll growth has averaged 186,000 per month. While the unemployment rate increased slightly from 4.1% to 4.2%, the labor market remains relatively stable.

U.S. NONFARM PAYROLLS



SOURCE: BLS

Manufacturing and Services: Divergent Trends

The manufacturing sector showed signs of stabilization, as the ISM Manufacturing Index climbed to 48.4 in November, up from 46.5 in October. New orders increased for the first time in seven months, providing a brighter outlook for the industrial sector.

Conversely, the services sector softened. The ISM Services PMI declined to 52.1 from October's 56, indicating slower expansion. While the sector remains in growth territory, the deceleration highlights areas of potential concern.

Inflation and Housing Market: Mixed Signals

Inflation data suggested gradual stabilization. October's Core PCE Index, the Federal Reserve's preferred inflation gauge, rose 2.3% year-over-year, slightly above September's 2.1%. This trend indicates that price pressures are easing, reassuring consumers and policymakers.

However, the housing market faced significant headwinds. October's data revealed a steep -17.3% plunge in new home sales, the sharpest monthly decline since 2013. Rising mortgage rates and affordability challenges continue to dampen activity in this critical sector.

Consumer Sentiment Moves Higher

Despite these mixed signals, investors feel good about the future as consumer confidence improved for the fifth consecutive month. The University of Michigan Consumer Sentiment Index rose from 71.8 to 74 in December, beating expectations of 73, and is at its highest level since April.

Looking Ahead: Opportunities and Risks

November's data underscores the U.S. economy's adaptability amid evolving challenges. Strength in the labor market and manufacturing offers reasons for optimism, while weakness in the housing sector and slowing service activity highlight areas for caution. As year-end approaches, investors will focus on inflation trends, Federal Reserve policy, and broader market dynamics to navigate this complex environment.

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INDEX DESCRIPTIONS

S&P 500 Index: The Index tracks the stock performance of 500 of the largest companies listed on stock exchanges in the United States. It is one of the most followed equity indices and includes approximately 80% of the total market capitalization of U.S. public companies.

The Russell Midcap® Index: The index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap® Index represents approximately 27% of the total market capitalization of the Russell 1000® companies, as of the most recent reconstitution. The Russell Midcap Index is constructed to provide a comprehensive and unbiased barometer for the mid-cap segment. The index is completely reconstituted annually.

Russell 2000 Index: The Index is constructed to provide a comprehensive, unbiased barometer of the small-cap segment of the U.S. equity market. A subset of the Russell 3000 Index, it includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

MSCI EAFE Index: The Index is an equity index that captures large and mid-cap representation across 21 Developed Markets countries* worldwide, excluding the U.S. and Canada. With 783 constituents, the index covers approximately 85% of each country's free float-adjusted market capitalization. MSCI EM Index: The Index captures large and mid-cap representation across 24 Emerging Markets (E.M.) countries. With 1,440 constituents, it covers approximately 85% of each country's free float-adjusted market capitalization.

MSCI EM Index: The Index captures large and mid-cap representation across 24 Emerging Markets (E.M.) countries. With 1,440 constituents, it covers approximately 85% of each country's free float-adjusted market capitalization.

Bloomberg U.S. Aggregate Bond Index: The Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, fixed-rate agency MBS, ABS, and CMBS (agency and non-agency). Provided the necessary inclusion rules are met, U.S. Aggregate-eligible securities also contribute to the multi-currency Global Aggregate Index and the U.S. Universal Index. The U.S. Aggregate Index was created in 1986, with history backfilled to January 1, 1976.

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6125 Memorial Drive, Dublin, Ohio 43017 | 1.866.633.3371 | meederinvestment.com

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