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Highland ReCAP

A Review of Capital Markets

November 2024

Summary

U.S. stocks rallied in November as investors responded favorably to a clear-cut presidential election result. Interest rates increased on the news of a President Trump return to the White House before easing a bit by month end. The Federal Reserve cut rates by 25 basis points, reiterating a commitment to a gradual easing of interest rate policy. The dollar also rallied on the prospect of tariffs promised from the Trump administration, with emerging markets bearing the brunt of the sentiment shift in November.

Equities

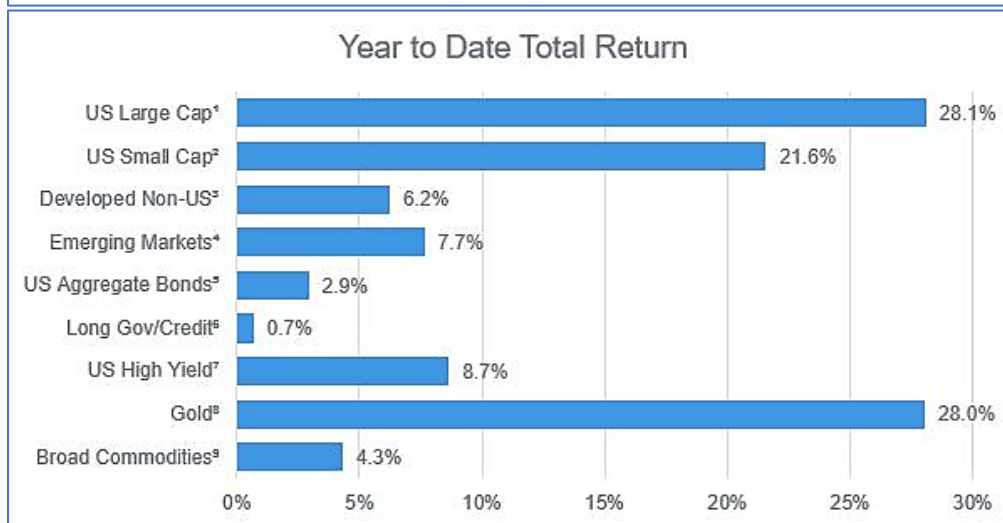
The post-election risk-on trade propelled U.S. stocks to new highs. The potential for reduced regulations, tax cuts and tariffs spurred investors to pile into domestic equities. Small caps led the way with double digit returns into the Thanksgiving holiday. Large cap companies enter the final month of the year approaching 30% gains for 2024 after rising 6.4% in November. Non-U.S. stocks did not fare well thanks in part to the same protectionist policies anticipated to accompany President Trump's second term. Both developed and emerging markets pulled back to finish lower for the month.

Fixed Income

Interest rates rose on November's election outcome, as the 10-year Treasury yield spiked to 4.5% by mid-month before sinking 33 basis points to finish at 4.17%. The Fed cut their policy rate by 0.25% to 4.5% and the yield curve continued to normalize. Bonds ultimately generated positive returns for the month and built on their modest gains year-to-date. Credit investors enjoyed a slim edge in November, with high yield outperforming aggregate bonds by 0.1%.

Market Trends

As of November 30, 2024



	1M	3M	YTD	1Y	3Y	5Y	10Y
US Large Cap ¹	6.4%	8.0%	28.1%	34.4%	10.9%	15.6%	13.2%
US Small Cap ²	11.0%	10.1%	21.6%	36.4%	5.0%	9.9%	9.1%
Developed Non-US ³	-0.6%	-5.1%	6.2%	11.9%	4.1%	5.9%	5.1%
Emerging Markets ⁴	-3.6%	-1.7%	7.7%	11.9%	-1.3%	3.2%	3.2%
US Aggregate Bonds ⁵	1.1%	-0.1%	2.9%	6.9%	-2.0%	0.0%	1.5%
Long Gov/Credit ⁶	2.0%	-0.5%	0.7%	8.6%	-8.0%	-2.5%	1.6%
US High Yield ⁷	1.2%	2.2%	8.7%	12.7%	3.7%	4.7%	5.1%
Gold ⁸	-3.0%	6.3%	28.0%	29.5%	13.9%	11.4%	7.6%
Broad Commodities ⁹	0.4%	3.3%	4.3%	1.5%	4.9%	7.6%	0.4%

1 – Russell 1000, 2 – Russell 2000, 3 – MSCI EAFE, 4 – MSCI Emerging Markets, 5 – Bloomberg US Agg, 6 – Bloomberg US Long Gov/Credit
7 – Bloomberg US Corporate High Yield, 8 – Bloomberg Gold Subindex, 9 – Bloomberg Commodity

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Disclosure Statements

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FTSE Russell

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