MOOSECALLS

Global Financial News & Analysis
NOV15.2024 through NOV24.2024

Global Markets: WEEKLY PERFORMANCE

NOT SO FAST

The markets hollered "Not so fast!" this week, a mere five days after Trump was declared 47 and four days after the latest Fed rate cut. Last week's celebration in the US stock and bond markets ended abruptly and the uncertainty abroad deepened. Only the US Dollar (+1.9%) kept on rockin'. Overbought US small caps (-4.0%) and US large caps (-2.1%) took solid hits, but the losses amounted to less than half last week's outsized gains. US bonds (-3.8%) were a different story, however, posting a loss that outstripped the previous week's gain as inflation warms and Fed rate cut expectations in 2025 fade. The 10-year T-bond yield rose 12 bps to 4.43%. The cash yield fell 3 bps to 4.39%. The surging Dollar triggered a gap-down stop-loss in gold (-4.6%) at the open on Monday. Oil (-4.6%) and commodities (-0.7%) also fell on the strong Dollar as did offshore equities. Asia-Pacific (-4.0%), Japan (-2.8%), Europe (-2.7%), and Latin America (-2.6%) all wiped out last week's gains (or in Europe's case, added to losses). After no changes last week, one of our 3 models switched this week (See Moospeak.) Next week: US housing data, and Nvidia earnings.

Global Ranking: Gold Tops Global Rankings

Index Moose ETF Rankings through NOV15.2024

The index rankings were developed in the 1980's to determine momentum across a number of global income equity and hard assets as the backdrop for a weekly financial newsletter. Relative strength, technical analysis, and a Fed component are used to rank a global set of exchange-traded funds. **This week:** US large caps top our global momentum choices as gold drops out of first. Cash is atop the Index model since switching on 11/11/2024 via a SL in Gold and an overbought condition in SPY. A*ssets are ranked by CI, the "confidence index". It combines the relative strength (rank), and technical strength (TS). The Trend is based on the TS reading.*

RANK	CI	Description	TS	Trend	stop-loss	price	buy-stop
1	**100%**	**US large-cap stocks (SPY)**	**103%**	**very bullish**	**567.89**	**585.75**	**600.17**
2	99%	US small-cap stocks (IWM)	104%	very bullish	217.37	228.48	242.39
3	80%	Gold (GLD)	45%	slightly bullish	236.13	236.59	257.71
4	60%	Pacific ex-JAPAN stocks (AAXJ)	28%	slightly bullish	73.28	73.44	45.91
5	5%	Cash (SHY)	-40%	--	81.90	82.02	82.56
6	-14%	US Long Treasuries (EDV)	-93%	very bearish	70.20	70.80	74.14
7	-17%	Japanese stocks (EWJ)	-28%	slightly bearish	66.39	67.49	70.12
8	-24%	European stocks (IEV)	-86%	very bearish	52.60	52.92	56.80
9	-95%	Latin American stocks (ILF)	-96%	very bearish	24.04	24.09	25.50
		Ryan/CRB Indicator	100%	steady rates			
		ST Interest Rate Equity Indicator	17%	neutral			
		Volatility Index	1%	neutral			
		US Dollar Index	93%	very bullish			
		Commodity inflation trend	-38%	slightly bearish			
		Oil	-49%	slightly bearish			

Global Markets: THE WEEK'S ACTION— Risk-OFF (1)

ASSETS	***M***	***T***	***W***	***T***	***F***	***WEEK***
US Equities	***up***	***down***	***mixed***	***down***	***down***	***DOWN***
European Equities	***down***	***down***	***down***	***up***	***down***	***DOWN***
Asian Equities	***mixed***	***down***	***down***	***mixed***	***down***	***DOWN***
US Bond Prices	***down***	***down***	***down***	***up***	***down***	***DOWN***
US Dollar	***up***	***up***	***up***	***up***	***down***	***UP***
Gold	***down***	***down***	***down***	***down***	***down***	***DOWN***

It was the 1st RISK-OFF after one risk-ON week. US Stocks DOWN, Bonds DOWN and Gold DOWN.

Global Markets: WEEKLY TECHNICAL SUMMARY

#1 SPY Backs Off Overbought As Election Giddiness Wanes--
US large-cap stocks (SPY) are very bullish and ranked #1 globally, more attractive than cash. SPY fell 2.1% this week, following last week's 4.8% gain. That leaves SPY up 5.7% for the quarter (13 weeks) and up 29.9% for the year (52 weeks).

#2 Overbought Small-caps Retrench--
US small-cap stocks (IWM) are very bullish and ranked #2 globally, more attractive than cash. IWM fell 4.0% this week, following last week's 8.7% gain. That leaves IWM up 7.5% for the quarter (13 weeks) and up 28.2% for the year (52 weeks).

#3 GLD Plunges As King Dollar Soars--
Gold bullion's price is slightly bullish and ranked #3 globally, more attractive than cash. GLD fell 4.6% this week, following last week's 1.8% loss. That leaves GLD up 2.0% for the quarter (13 weeks) and up 28.8% for the year (52 weeks).

#4 Asia-Pacific ex-Japan Equities Abandons 50-Day Support--
Asia-Pacific ex-Japan equities (AAXJ) are slightly bullish and ranked #4 globally, more attractive than cash. AAXJ fell 4.0% this week, following last week's 0.3% gain. That leaves AAXJ up 0.8% for the quarter (13 weeks) and up 12.1% for the year (52 weeks).

#5 Cash and Bond Yields Mixed-- The US Treasury 10-year yield finished the week 12 ticks higher at 4.43%, and the 3-month yield was lower at 4.39%, leaving the yield curve at +4 basis points— not inverted for the first time in two years.

#6 Bonds Test Summer Lows—
US Long-zeros 25y+ are very bearish and ranked #6 globally, less attractive than cash. EDV fell 3.8% this week, following last week's 2.6% gain. That leaves long bonds down 10.2% for the quarter (13 weeks) and down 0.4% for the year (52 weeks).

#7 Japan Drops Below 200-day Support—
Japanese stock prices (EWJ) are slightly bearish and ranked #7 globally, less attractive than cash. EWJ fell 2.8% this week, following last week's 2.1% gain. That leaves EWJ down 2.7% for the quarter (13 weeks) and up 8.2% for the year (52 weeks).

#8 Europe Tests Six-Month Low--
European equities (IEV) are very bearish and ranked #8 globally, less attractive than cash. IEV fell 2.7% this week, following last week's 1.6% loss. That leaves IEV down 6.1% for the quarter (13 weeks) and up 5.7% for the year (52 weeks).

#9 ILF Descent Resumes After US Election--
Latin American equities (ILF) are very bearish and ranked #9 globally, less attractive than cash. ILF fell 2.6% this week, following last week's 2.2% gain. That leaves ILF down 8.4% for the quarter (13 weeks) and down 12.7% for the year (52 weeks).

Overbought Dollar Soars Some More--
A very bullish US Dollar rose 1.9% this week, following last week's 0.7% gain. That leaves it up 5.9% for the quarter (13 weeks) and up 2.7% in the last year (52 weeks).

Commodities & Oil Search for Direction--
A slightly bearish CRB fell 0.7% this week after last week's 0.8% gain. That left commodity prices up 1.6% for the quarter (13 weeks) and up 2.2% for the year (52 weeks). **US Oil (USO):** Slightly bearish oil prices (USO) fell 4.6% this week, following last week's 1.5% gain. That leaves US oil prices down 8.6% for the quarter (13 weeks) and down 1.4% for the year (52 weeks).

Global Economy through NOV24.2024

Global Outlook: Negative

The Global Economic Outlook Stays Negative

An international shipping measure and proxy for current global trade, **the Baltic Dry Index rose to 1785 this week, and is higher after 13 weeks, a positive** sign. (After opening 2023 at 1515, BDI is still well below its 2010 peak @4640). Meanwhile, another proxy for world activity, **WTI oil price at 66.95 fell this week, and is lower for the latest quarter, a negative** indicator. (Oil remains below its 2022 peak @$130, but well above its 2020 Covid lows @$10.) Our proxy for global construction, **copper fell to 4.11 this week, and remains lower this quarter, a negative** signal. Domestically, **10Y US bond yields rose to 4.43% this week and are down over the past 13 weeks, a negative** bet on the largest world economy.

IMF WEO (APR 2024)— The baseline forecast is for the world economy to continue growing at 3.2 percent during 2024 and 2025, at the same pace as in 2023. A slight acceleration for advanced economies—where growth is expected to rise from 1.6 percent in 2023 to 1.7 percent in 2024 and 1.8 percent in 2025—will be offset by a modest slowdown in emerging market and developing economies from 4.3 percent in 2023 to 4.2 percent in both 2024 and 2025. The forecast for global growth five years from now—at 3.1 percent—is at its lowest in decades. Global inflation is forecast to decline steadily, from 6.8 percent in 2023 to 5.9 percent in 2024 and 4.5 percent in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. Core inflation is generally projected to decline more gradually.

US Economy: WEEKLY DATA

RETAIL SALES SOLID; INDUSTRIAL PRODUCTION FALLING

US Economy: week of NOV15.2024

This Week: MIXED

THE GOOD: Weekly Initial Claims (217K) down from previous, and below consensus. Weekly Continuing Claims (1873K) down from prior. NOV NY Fed Empire State Manufacturing (31.2) much improved on prior, above consensus. OCT Retail Sales (+0.4%) down from previous but beat consensus forecast. SEP Business Inventories (+0.1%) slight build. OCT NFIB Small Business Optimism (93.7) up from unrevised prior.

THE BAD: Weekly EIA Crude Oil Inventories (+2.09M) build slips as oil prices fall. OCT Industrial Production (-0.3%) down in line with consensus after previous month revised 0.8% lower. OCT Capacity Utilization (77.1%) worse than consensus and previous even after downward revision.

THE UGLY: OCT Treasury Deficit (-$257B) worsens in pre-election bi-partisan splurge.

US Economy: INFLATION

CONSUMER/PRODUCER/EX-IM INFLATION WARMS

US Inflation: week of NOV15.2024

OCT PPI (+0.2%) warming. (1 yr= +2.4%)
OCT Core PPI (+0.3%) warm. (1 yr= +3.1%)
OCT CPI (+0.2%) warming. (1 yr= +2.6%)
OCT Core CPI (+0.3%) warmer than expected. (1 yr= +3.3%)
OCT Import Prices (+0.3%) reverse higher. (1 yr= +0.8%)
OCT Export Prices (+0.8%) reverse upward. (1 yr= -0.1%)
SEP PCE (+0.2%) cooling (1 year= +2.1%)
SEP core PCE (+0.3%) sticky (1 year= +2.7%)
Q3 GDP - Adv (+2.8%) below expectations
Q3 GDP Deflator - Adv (+1.8%) cooler than expected.
Q3 Employment Cost Index (+0.8%) cooler than previous and feared.
Q3 Productivity (+2.2%) down from 2.5% in Q2
Q3 Unit Labor Costs-Rev. (+1.9%) hotter than Q2.
Q2 Current Account Balance (-$266.8B) deficit worse than feared.

US Economy: RECESSION & GDP INDICATORS

NY FED: RECESSION THREAT DIMINISHED

US recession chances one year out: 42.04% (OCT 2025) per NY Fed. (Recession expected if chance > 30%.) The Fed model has been calling for a recession a year out since November 2022, leaving the model's recession overdue since November 2023. In MAY 2023 the probability of recession a year out was the highest (70%) in 40 years. The risk, however, has diminished thanks to years of massive Federal deficit spending,

ATLANTA FED: Q4 Growth Below Trend

Atlanta Fed Current GDP Model (11/15/2024): **Q4 Annualized 2.5% (Last week: Q4 Est 2.5%)**

Economy: FEDERAL RESERVE

FED BALANCE SHEET ($6.97T); FFR @ (4.75-5.00%)

Federal Reserve: week of NOV15.2024

After over-tightening, in Q1 2020 the Fed took its fed funds rate to zero with two Covid emergency rate cuts, where it remained until March 2022. Simultaneously, the Fed doubled its balance sheet to $9 trillion in monetary stimulus (QE), exceeding measures taken during the global financial crisis in 2008, including commercial paper funding as well as unlimited purchases of treasuries, mortgages, municipals, and junk bonds.

The Fed plan was to roll 95 billion per month in maturing bonds off its 8.965T balance sheet beginning 6/1/22. It had succeeded in reducing it to 8.34T by mid-March 2023, when the bank crisis required an expansion (back to 8.73T).

Currently, the Fed's balance sheet is 6.97T, DOWN (-0.02T) in the latest weekly report (NOV13). The Fed Funds Rate was dropped 25 bps to 4.50-4.75% at the November FOMC meeting this week. CME Fed futures are betting (60%) on another quarter percent cut December 18, but that is down from 100% prior to the election. The Fed continues quantitative tightening but at a slower rate than in the first half of 2024. Its balance sheet continued lower this week.

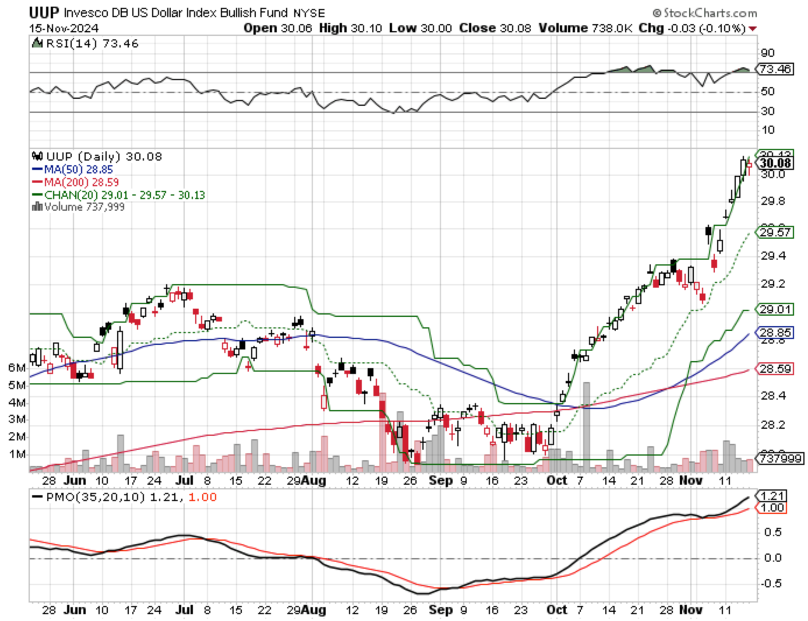
The Fed Check: At 100%, suggests Fed neutrality is warranted, with commodity prices slightly bearish and T-bond prices very bearish. The possibility of Fed over-tightening, however, continues to induce recession fears. The 3m-10y yield curve (+4 bps) is no longer inverted this week. Intermediate term, the curve has been inverted since November 2022 (two years). The median yield is steady, leaving our interest rate signal for stocks neutral.

3-month SOFR yield @ 4.58% is down this week, while the 3-month T-bill @ 4.39% is also down. That puts the SOFR/T-Bill (SOF-T) spread at 19 basis points, below its 200-day (36 bps). A narrowing SOF-T spread signals a safer, more confident financial system.

FED POSTURE THIS WEEK: NEUTRAL (0) LW: +1
Rate Posture DOVISH (+1), Balance Sheet HAWKISH, (-1), Fed Speak NEUTRAL (0), Fed Check NEUTRAL (0)

Latest FOMC Assessment (2024.11.07) Recent indicators suggest that economic activity has continued to expand at a solid pace. Since earlier in the year, labor market conditions have generally eased, and the unemployment rate has moved up but remains low. Inflation has made progress toward the Committee's 2 percent objective but remains somewhat elevated. The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee judges that the risks to achieving its employment and inflation goals are roughly in balance. The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate.
In support of its goals, the Committee decided to lower the target range for the federal funds rate by 1/4 percentage point to 4-1/2 to 4-3/4 percent. In considering additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.
In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments. **(Next FOMC meeting: 2024.12.18)**

US Currency Market:
Overbought Dollar Soars On



US Dollar: UUP rose 1.9% this week, following last week's 0.7% gain. It is currently very bullish—up 5.9% for the quarter (13 weeks), but up 2.7% in the last year (52 weeks). At 30, UUP is above its short-term (50-day) average at 29, and above its intermediate-term (200-day) average at 29. Momentum in the greenback is positive and improving, but RSI14 @73 is neither overbought nor oversold. A Dollar strengthened this week, enhancing US assets over foreign assets, commodities, and gold. Longer term, the bullish Dollar favors US investments over foreign assets and commodities, while reducing US trade competitiveness.

The Dollar's surge after Trump was declared winner of the 2024 Presidential contest slowed a day later when the Fed cut rates and hinted about possible rate hikes in 2025. This week the buck's rally resumed for a 7th straight week as bond yields rose. (The 10-year T-bond yield jumped 12 bps to 4.43% as consumer, producer and Ex-Im inflation data came in warmer than hoped.) The pre-election "soft-landing" narrative has taken a hit lately as both the jobs report (12K new jobs) and now inflation data suggests we may not be out of the woods quite yet. As for other major currencies vs the Dollar, the Euro is bearish and down 1.7% this week. The Yen is bearish and down 1.2%. The Pound is neutral and down 2.4%. The Canadian $ is very bearish and down 1.2%. The Australian $ is bearish and down 1.9%.

The **Dollar: longer view— 2023:** The Dollar rallied on rising Fed interest rates. **2022:** The Dollar continued to rally into October (UUP @30.50) as the Fed has promised then began to tighten. From there it fell to a 7-month low to end the year (@26) as the tightening increased recession fears. **2021:** The Dollar bottomed (UUP @24.22) in May, then rallied as the US economy reopened and the Fed began promising it would tighten in the face of growing inflation.

Carry-trade This Week

Non-Dollar investors seeking to maximize profits using the Moose should incorporate a "carry-trade" currency strategy into the decision, making it a two-step process. First, decide if it makes sense to switch to US Dollars, then use the Moose to identify the best ETF in which to put those Dollars. (Generally, if one's currency is weakening (bearish) against the Dollar, non-Dollar investors in the Moose will outperform. If a currency is bullish vs. the Dollar, the Dollar investment will underperform. If the Dollar is weakening, Dollar investors in the Moose might consider currency-hedged foreign equity ETFs instead of the Dollar denominated funds we track. A strengthening Dollar, however, suggests they be avoided.

	TS	Trend	Non-Dollar investors in $ Moose	US $ investors in Foreign Assets
Euro	-24%	neutral	Euro investors match	US$ investors match in Euros
Yen	-47%	slightly bearish	Yen investors outperform	US$ investors underperform in Yen
Australian $	-30%	slightly bearish	Aussie $ investors outperform	US$ Investors underperform in A$
British Pound	38%	slightly bullish	Sterling investors underperform	US$ investors outperform in Pound
Canadian $	-92%	very bearish	Canadian $ investors outperform	US$ investors underperform in C$

US Bond Market:
#6 Bonds Test Summer Lows

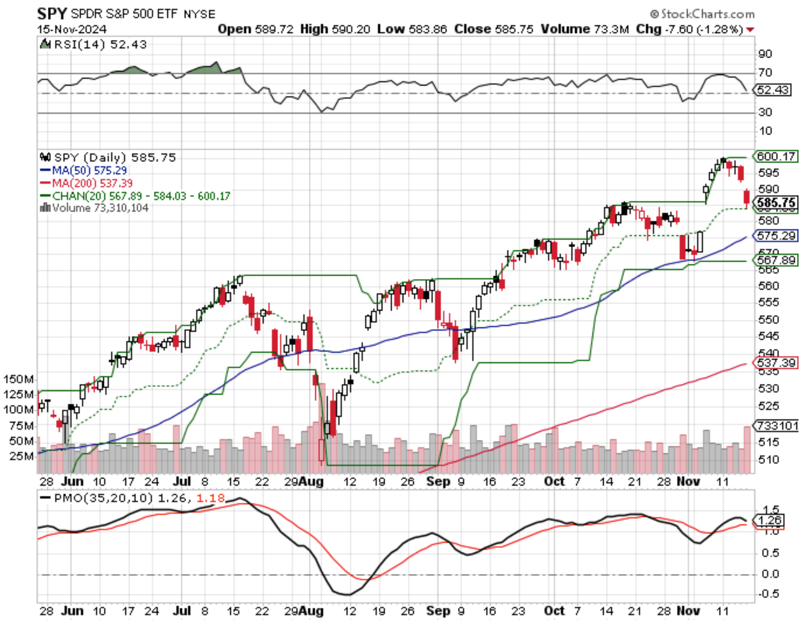
US Long Treasury Bonds: EDV fell 3.8% this week, following last week's 2.6% gain, leaving it ranked #6 globally and less attractive than cash. Long bonds are down 10.2% for the quarter (13 weeks) and down 0.4% for the year (52 weeks) as yields have risen. The US Treasury 10-year yield finished the week 12 ticks higher at 4.43%, and the 3-month yield was lower at 4.39%, leaving the yield curve positively sloped by 4 basis points. This begins to decrease the odds of a recession in 2025. Technically, US long bonds are very bearish at 71; EDV is below its short-term (50-day) average at 76, and below its intermediate-term (200-day) average at 75. Momentum (PMO) is negative and deteriorating, and its 14-day RSI of 39 indicates EDV is neither overbought nor oversold. As for currency effects, the Dollar strengthened this week, enhancing the return for dollar investors in US bonds. Longer term, a bullish Dollar spurs investment in US assets while reducing US trade competitiveness.

Bonds fell and yields rose this week. (The 10-year T-bond yield jumped 12 bps to 4.43% as consumer, producer and Ex-Im inflation data came in warmer than hoped.) The pre-election “soft-landing” narrative has taken a hit lately as both the jobs report (12K new jobs) and now sticky inflation data suggests we may not be out of the woods quite yet. The Fed rate cut and the Chairman’s hint that rates may have to go up next year under Trump, along with a weak October jobs report is stoking stagflation worries. Bonds gapped below 200-day support four weeks ago and remain there this week— a bet on inflation. That the pro-growth team won the election then added to that bet. The primary negative impetus for bonds, of course, remains $2T in annual Federal deficits. The House and Senate recently agreed to continue that profligacy until the new Congress is seated in order to a avoid having to take a stand that might illuminate any voters.

US Long Treasury Bonds: longer view— 2022: Bonds continued lower (and yields higher) after the Fed has promised to tighten. **2021:** Yields kept rising and bond prices falling into March (EDV @125) due to the vaccine rollout; improving economic data; stimulus checks, and supply constraints due to an end to lockdowns. Then, the Delta variant initiated a second Covid wave and bonds rallied. Massive tax hikes proposed by the Biden administration added gasoline to the fire until passage failed in November (EDV @145).

2023 ETF Breakdown: EDV-- A market value-weighted index of high-duration, zero-coupon 25-year US Treasury securities. **Countries:** US (100%). **Top Sectors:** Government (93%), Cash (4%), ETFs (2%), Energy minerals (1%).

US Equity Market:
#1 SPY Backs Off Overbought As Election Giddiness Wanes



US Large-Cap Stocks: SPY fell 2.1% this week, following last week's 4.8% gain, leaving it ranked #1 globally and more attractive than cash. The index is up 5.7% for the quarter (13 weeks) but up 29.9% for the year (52 weeks). Technically, US large caps are very bullish at 586; SPY is above its short-term (50-day) average at 579, and above its intermediate-term (200-day) average at 542. Its momentum (PMO) is positive and improving, and its 14-day RSI of 55 indicates SPY is neither overbought nor oversold. As for currency effects, the Dollar strengthened this week, enhancing the return for dollar investors in US stocks. Longer term, a bullish Dollar spurs investment in US assets, while reducing US trade competitiveness.

SPY gapped higher with the Republican election victory but turned south this week when the 10-year T-bond yield jumped 12 bps to 4.43% as consumer, producer and Ex-Im inflation data came in warmer than hoped. A 30% 12-month rally in SPY has been fueled by a string of reports touting cooler inflation and solid jobs, but that pre-election "soft-landing" narrative has taken a hit lately as both weak jobs (only 12K new jobs in October) and now sticky inflation data suggests we may not be out of the woods quite yet. Hints from the Fed that it may hike rates in 2025 instead of cutting them are raising stagflation concerns. (See Moospeak.) The primary positive for stocks is and remains massive Federal deficit spending. The House and Senate recently agreed to continue that profligacy until the new Congress is seated in order to avoid having to take a stand that might illuminate any voters. As long as Uncle Sugar continues to drive the US stock market higher as it has since 2017, it will be the best place to put money.

US Large Cap Stocks: longer view— 2022: SPY remained weak on Fed uncertainty and after rate hikes began in earnest mid-year closed the year down 18%. **2021:** SPY continued to rally on Trump and Biden fiscal stimulus; the vaccine rollout; an end to state lockdowns; and the Fed's repeated insistence that inflation wouldn't require rate hikes until 2023. That tune changed in December and stocks weakened.

2023 ETF Breakdown: SPY-- A cap-weighted index fund. **Countries:** US (100%). **Top Sectors:** Technology Services (20%), Electronic Technology (18%), Finance (12%), Health Technology (10%), Retail trade (7%), Consumer non-durables (5%), Energy Minerals (4%), Producer manufacturing (4%), Industrial Services (4%), Consumer services (3%), Commercial services (3%).

US Equity Market:
#2 Overbought IWM Retrenches

US Small-Cap Stocks: IWM fell 4.0% this week, following last week's 8.7% gain, leaving it ranked #2 globally and more attractive than cash. The index is up 7.5% for the quarter (13 weeks) and up 28.2% for the year (52 weeks). Technically, US small caps are very bullish at 228; IWM is above its short-term (50-day) average at 223, and above its intermediate-term (200-day) average at 210. Its momentum (PMO) is positive and improving, and its 14-day RSI of 52 indicates IWM is neither overbought nor oversold. As for currency effects, the Dollar strengthened this week, enhancing the return for dollar investors in US assets. Longer term, a bullish Dollar spurs investment in US assets while reducing US trade competitiveness.

US small-caps gapped to new all-time high last week but dropped precipitously this week when the 10-year T-bond yield jumped 12 bps to 4.43% as consumer, producer and Ex-Im inflation data came in warmer than hoped. A 28% 12-month rally in IWM has been fueled by a string of reports touting cooler inflation and solid jobs, but that pre-election "soft-landing" narrative has taken a hit lately as both weak jobs (only 12K new jobs in October) and sticky inflation data suggests we may not be out of the woods quite yet. Hints from the Fed that it may hike rates in 2025 instead of cutting them are raising stagflation concerns. (See Moospeak) The primary positive for stocks is and remains massive Federal deficit spending. The House and Senate recently agreed to continue that profligacy until the new Congress is seated in order to avoid having to take a stand that might illuminate any voters. As long as Uncle Sugar continues to drive the US stock market higher as it has since 2017, it will be the best place to put money.

US Small Cap Stocks: longer view-- 2022: IWM remained weak on Fed uncertainty and after rate hikes began in earnest mid-year closed the year down 18%. **2021:** IWM began higher on Fed ease and fiscal stimulus, peaking in June. It flattened out on Covid mandates and the threat of higher taxes and then dipped in December when Fed tightening fears arose.

2023 ETF Breakdown: IWM-- A cap-weighted index fund. **Countries:** US (99%). **Top Sectors:** Finance (22%), Health Technology (12%), Technology Services (12%), Producer manufacturing (8%), Electronic Technology (7%), Industrial Services (4%), Energy Minerals (4%), Commercial services (4%), Consumer services (3%), Process industries (3%).

US Equity Market: Top Sectors

Bitcoin, Financials (3), Tech (4), Telecom, Media, Industrials

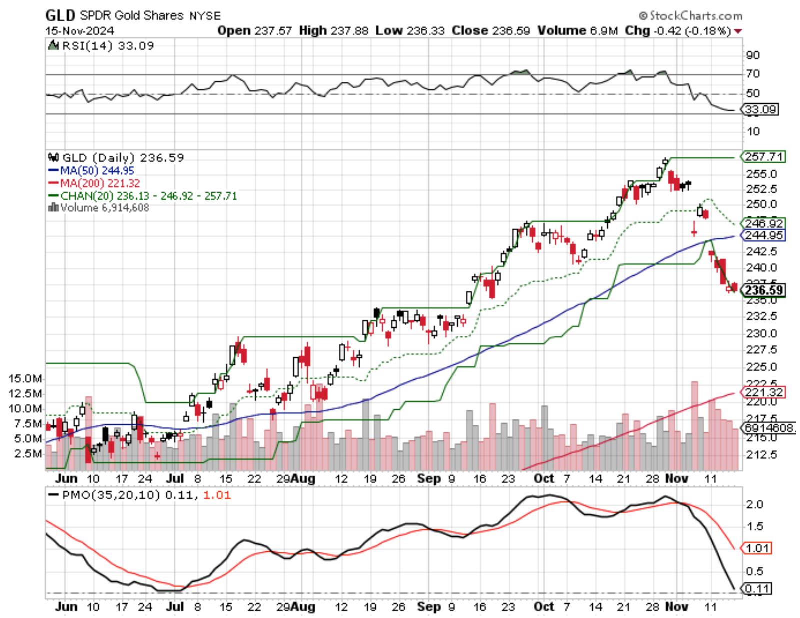
US Stock Sectors: through NOV24.2024

The table below ranks our 25 primary US sector ETFs in order of relative strength at the close of the latest week. Momentum investors may consider those ranked higher than cash bullish (**buy** or **hold**), and those ranked below cash bearish (**sell or avoid**). Value investors may feel the opposite.

This week breadth narrowed-- 81% of our sectors are buy or hold (L89%). BUYS are now 41% (L41%). HOLDS are now 40% (L48%). AVOIDS are now 19% (L11%). That is more bearish than last week. "Buys" include Bitcoin, Telecom, Finance (3), Tech (4), Industrials. Avoids: Materials, Healthcare, Food & Bev, Energy (2).

TICKER	CI	NAME	SECTOR	TS	Manual Sort
BLOK	46%	Bitcoin (BLOK)	Tech	89%	very bullish
KCE	27%	Capital Markets (KCE)	Financial	91%	very bullish
KBE	26%	KB Banks (KBE)	Financial	91%	very bullish
IYZ	25%	Telecommunications (IYZ)	Telecom	96%	very bullish
IGV	24%	US GSTI Software Index (IGV)	Tech	95%	very bullish
GGME	16%	Media Portfolio (GGME)	Consumer	74%	bullish
KIE	16%	KBW Insurance (KIE)	Financial	86%	very bullish
IYW	15%	US Technology (IYW)	Tech	81%	very bullish
FDN	15%	DJ Internet Index (FDN)	Tech	98%	very bullish
ITA	14%	US Aerospace & Defense (ITA)	Industrial-Tech	81%	very bullish
IYJ	13%	Industrials (IYJ)	Industrial	91%	very bullish
SPY	**12%**	**S&P 500**	**BENCHMARK**	**89%**	**very bullish**
VNQ	11%	REITs (VNQ)	Real Estate	55%	bullish
IYT	10%	Transports (IYT)	Transportation	85%	very bullish
XLU	9%	Utilities (XLU)	Utilities	72%	bullish
ITB	8%	Home Construction (ITB)	Home Builders	53%	bullish
SMH	7%	Semiconductors (SMH)	Tech	46%	slightly bullish
IHI	6%	US Medical Devices (IHI)	Health-Tech	89%	very bullish
RING	4%	Gold Miners (RING)	Materials	28%	slightly bullish
XLP	4%	Consumer Staples (XLP)	Consumer	89%	very bullish
IHE	3%	US Pharmaceuticals (IHE)	Health	28%	slightly bullish
XRT	3%	Retail (XRT)	Consumer	74%	slightly bullish
IBB	3%	Biotechnology (IBB)	Health-Tech	50%	bullish
SHY	**1%**	**CASH**	**BASELINE**	**-2%**	**neutral**
XLB	0%	Select Materials (XLB)	Materials	57%	bullish
IHF	0%	US Health Care Providers (IHF)	Health	0%	neutral
PBJ	-1%	Food & Beverage (PBJ)	Consumer	48%	slightly bullish
XOP	-7%	Oil & Gas Exploration & Production (XOP)	Energy	-28%	slightly bearish
IEZ	-8%	US Oil Equipment & Services (IEZ)	Energy	-17%	neutral

INTERNATIONAL MARKETS:
#3 GLD Plunges As King Dollar Soars



Gold Bullion: GLD's price fell 4.6% this week, following last week's 1.8% loss, leaving it ranked 3 globally and more attractive than cash. Most recently, GLD is up 2.0% for the quarter (13 weeks), but up 28.8% for the year (52 weeks). Technically, Gold bullion (GLD) is currently slightly bullish and at 237, below its short-term (50-day) average at 246, and above its intermediate-term (200-day) average at 223. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 33 means GLD is neither overbought nor oversold. As for currency effects, the US Dollar strengthened this week, dampening return for dollar investors in gold bullion. Longer term, a bullish Dollar dampens return to Dollar investors in gold.

GLD hit a new all-time high two weeks ago but has dropped over 6% since. As a result, gold was replaced by money market cash in the index model after triggering a stop-loss at Monday's open. This week's decline was fed by the 10-year T-bond yield jumping 12 bps to 4.43% as consumer, producer and Ex-Im inflation data came in warmer than hoped. It was no doubt exacerbated by last week's hints from the Fed that it may hike rates in 2025 instead of cutting them. Gold's latest success has been fueled by a Fed eager to cut rates before the election, but 75 bps in 12 weeks may have been too eager. The pre-election "soft-landing" narrative has taken a hit lately as both weak jobs (only 12K new jobs in October) and sticky inflation data suggests we may not be out of the woods quite yet. Up until this week gold had rallied despite a strengthening Dollar and rising bond yields, mostly on the promise of more Fed rate cuts. If rate cuts are now at risk, so is gold. All is not lost, however. Gold as a "Safe haven" still has value amid heightened geopolitical threats in the Mideast and Ukraine. As "a store of wealth", however, bitcoin appears poised to provide increasing competition under Trump. Gold as "a hedge against inflation" still has legs since the primary remaining impetus for inflation is $2T in annual Federal deficits. The House and Senate recently agreed to continue that profligacy for 3 more months in order to a avoid having to take a stand before the election. Add to that firm central bank demand for gold and renewed Chinese consumption and bullion's future looks bright for now.

Gold Bullion: longer view— 2022: GLD opened @169 but faded as Fed promises to tighten turned real, closing the year @168. **2021:** A stagflationary fiscal policy as the US economy reopened and rising interest rates as the Fed began promising it would tighten in the face of growing inflation weakened GLD 6% by yearend.

INTERNATIONAL MARKETS:
Commodities & Oil Search for Direction

Commodities: A slightly bearish CRB fell 0.7% this week after last week's 0.8% gain. That left commodity prices up 1.6% for the quarter (13 weeks), and up 2.2% for the year (52 weeks). At 280, the CRB is below its short-term (50-day) average at 283, and below its intermediate-term (200-day) average at 284. Its momentum (PMO) is negative and deteriorating, and its 14-day RSI of 46 means the CRB is neither overbought nor oversold.

Crude Oil: Meanwhile, oil prices (USO) fell 4.6% this week, following last week's 1.5% gain, and are currently slightly bearish. That leaves US oil prices down 8.6% for the quarter (13 weeks), and down 1.4% for the year (52 weeks). At slightly bearish, USO is below its short-term (50-day) average at 73, and below its intermediate-term (200-day) average at 76. The Dollar strengthened this week, dampening return for investors in hard assets. Longer term, the bullish Dollar is dampening return for investors in commodities and oil.

Oil dropped from $95 a barrel in September 2023 to $70 this election day as the Biden administration sidelined its $100 oil promise to the Greenies in lieu of more pressing re-election concerns. Tighter global monetary policy no doubt helped in that regard and reduced demand for oil. A stronger Dollar led both oil and commodities to post losses this week, assisted in part by rising bond yields. That left commodities near 200-day support and only slightly bearish.

Commodities: longer view— 2022: The rally in the CRB continued until mid-year thanks to Fed easing and Covid re-openings. It peaked and reversed when Fed tightening began in June but still finished the year up 19%. **2021**: A new US President immediately curtailed US energy production. That and more easy money in the US and abroad boosted commodities 39%. Oil prices rose 73% setting off inflation alarms.

INTERNATIONAL EQUITIES:
#8 Europe Tests Six-Month Low

European Large-Cap Stocks: IEV fell 2.7% this week, adding to last week's 1.6% loss, leaving them ranked #8 globally and less attractive than cash. Most recently, Europe is down 6.1% for the quarter (13 weeks) but up 5.7% for the year (52 weeks). Technically, IEV is very bearish at 53—below its short-term (50-day) average at 56, and below its intermediate-term (200-day) average at 56. Its momentum (PMO) is positive and improving, and its 14-day RSI of 31 indicates IEV is neither overbought nor oversold. As for currency effects, the Euro weakened this week, dampening returns for Dollar investors. Longer term, a bearish Euro dampens return to Dollar investors but improves Europe's trade competitiveness.

IEV broke out to a new high (59.06) on 9/27, but the Europe 350 has been headed lower ever since and is now up less than 6% in 12 months. Rising US bond yields and a strong Dollar have been a major drag on foreign equities and this week was no exception. Moreover, the ugly prospect of Donald Trump insisting the EU engage in fair trade and share in the cost of its own defense went from possible to probable after the US elections. That sent European equities to another low, taking out both 50 and 200-day support. IEV is close to oversold and very near strong support at 52, the 2023 high. **Global Interest Rates:** Europe followed US rates higher last year and is leading them lower now. The ECB cut its rate (to 3.25%) on 10/17, and the Bank of England cut to 4.75% on 11/7. Both have cut 50 bps since August whereas the Fed at 4.75% as of 11/7 has cut 75 bps. **The Ukraine War:** North Koreans have entered the war on Russia's side. Europe sees Ukraine as a bulwark against Putin, but there is a concern that Trump will abandon it. **Global Economic Concerns:** A global recession is still on the table. Problems in China and a tight Fed policy producing a negative yield curve have been addressed, however, and may or may not improve global demand for European exports.

European Large Cap Stocks: longer view— 2022: IEV topped out @54 to open the year, dropped 31% (@ 37) by October on US rates hikes and a strong dollar, then rallied 32% into yearend as US rate hikes slowed and the Dollar weakened. **2021:** More central bank largesse and four stimulus bills pushed IEV to new record highs @55-56 in May, but Fed talk of tightening stalled out IEV's subsequent attempts to break higher, and it closed the year @52.

2023 ETF Breakdown: IEV-- A cap-weighted index fund. **Countries:** UK (24%), France (18%), Switzerland (16%), Germany (13%), Netherlands (7%), Denmark (5%), Sweden (4%), Spain (4%), Italy (4%), Belgium (1%). **Top Sectors:** Finance (18%), Health Technology (16%), Consumer non-durables (15%), Electronic Technology (7%), Producer manufacturing (7%), Energy Minerals (6%), Utilities (4%), Consumer durables (4%), Technology Services (5%), Process industries (3%).

INTERNATIONAL EQUITIES:
#7 Japan Drops Below 200-day Support

Japanese Stocks: EWJ fell 2.8% this week, following last week's 2.1% gain, leaving it ranked #7 globally and less attractive than cash. Most recently, Japan is down 2.7% for the quarter (13 weeks) but up 8.2% for the year (52 weeks). Technically, EWJ is slightly bearish at 67, below its short-term (50-day) average at 70, and below its intermediate-term (200-day) average at 69. Its momentum (PMO) is negative and deteriorating, and its 14-day RSI of 40 indicates EWJ is neither overbought nor oversold. As for currency effects, the Yen weakened this week, dampening returns for Dollar investors. Longer term, a bearish Yen dampens return to Dollar investors but improves Japan's trade competitiveness.

Last week, Japanese equities rallied on the news that a pro-growth mind-set would be taking over in Washington, DC and this week EWJ investors had second thoughts. While a strong American consumer is good for Japan's export economy, the threat of tariffs is anathema to it. The path since Warren Buffet's vote of confidence has not been a smooth one. Japan lost 17% at the end of July but gained all of it back in August. Bank of Japan ended negative interest rates in March, the last major economy to do so. The volatility really started when BoJ unexpectedly raised its overnight rate by 15 bps to 0.25% and curbed bond-buying (7/31) after the US and Europe announced cuts. The plan was to continue to raise interest rates as long as incoming economic data matched the central bank's expectations, even declaring that the policy rate could exceed 0.5%— a level previously mentioned as a ceiling. The rate has since been put on hold to ensure deflation is beaten. **US Fed and Global Interest Rates:** A global recession at some point is still on the table but the prospect has faded considerably, especially now that the US voters have spoken.

Japanese Stocks: longer view -- 2022: Japan fell 29% on tighter US money and a strong Dollar into October. From there a weakening Dollar helped Japan rally 20% but it ended the year down 19% anyway. **2021:** EWJ went flat, despite hosting the summer Olympics, finishing the year practically unchanged.
2023 ETF Breakdown: EWJ-- A cap-weighted index fund. **Countries:** Japan (100%) **Top Sectors:** Finance (15%), Consumer durables (14%), Producer manufacturing (14%), Electronic Technology (12%), Health Technology (9%), Process industries (5%), Technology Services (5%), Consumer non-durables (5%), Communications (5%), Distribution services (4%).

INTERNATIONAL EQUITIES:
#4 AAXJ Abandons 50-Day Support

Asia-Pacific ex-Japan: AAXJ fell 4.0% this week, following last week's 0.3% gain, leaving it ranked #4 globally and more attractive than cash. The index is up 0.8% for the quarter (13 weeks) and up 12.1% for the year (52 weeks). Technically, AAXJ is slightly bullish at 73, below its short-term (50-day) average at 77, and above its intermediate-term (200-day) average at 72. Its momentum (PMO) is negative and deteriorating, and its 14-day RSI of 36 indicates AAXJ is neither overbought nor oversold. As for currency effects, the US Dollar strengthened this week, dampening returns for Dollar investors in Asian stocks. Longer term, a bullish Dollar dampens returns to Dollar investors in Asian stocks but improves the region's trade competitiveness.

After setting a three-year overbought high last month (10/7) in the wake of massive Chinese monetary stimulus, AAXJ has corrected by over 10% during the last six weeks. Rising US bond yields and a stronger Dollar have been a drag on foreign equities. AAXJ triggered four additional stop-losses this week, all below its 50-day, as the realization set in that US subsidies to China and India under Biden may end under Trump when the US again exits the Paris Climate Accords. Chinese monetary stimulus announced in September includes central bank plans to lower borrowing costs and inject more funds into the economy, as well as to ease households' mortgage repayment burden. It is increasingly clear, however, that that won't be enough to overcome weak demand, deflationary pressures, a crashed real estate sector, and rising trade tensions with the United States and Europe without added fiscal help. Singapore is still bullish, China, Taiwan, and Hong Kong are slightly bullish but fading, while India and South Korea are bearish. Momentum is fading everywhere,

Asia Pacific ex-Japan Stocks: longer view— 2022: AAXJ dropped 35% (to 54) in October amid US tightening and China's zero-Covid lockdowns. Rally ensued when zero-Covid policies in China ended but AAXJ ended year down 21%. **2021:** Between Covid issues in India and elsewhere in the region, and weakness in China's stock market after the SEC threatened to delist several US-listed Chinese tech companies over accounting and (communist) control issues, AAXJ faded throughout 2021, losing 20%.

2023 ETF Breakdown: AAXJ-- A cap-weighted index fund. **Countries:** Hong Kong (36%), Taiwan (17%), India (16%), Korea (14%), Mainland China (4%), Singapore (4%), Thailand (2%), Indonesia (2%), Malaysia (2%), US (1%). **Top Sectors:** Finance (24%), Electronic Technology (20%), Technology Services (10%), Retail (7%), Consumer non-durables (5%), Consumer durables (4%), Producer manufacturing (4%), Transportation (4%), Energy (4%), Health Technology (3%).

INTERNATIONAL EQUITIES:
#9 ILF Descent Resumes After US Election

Latin America 40: ILF fell 2.6% this week, erasing last week's 2.2% gain, leaving it ranked #9 globally and less attractive than cash. The index is down 8.4% for the quarter (13 weeks) and down 12.7% for the year (52 weeks). Technically, ILF is very bearish at 24, below its short-term (50-day) average at 25, and below its intermediate-term (200-day) average at 26. Its momentum (PMO) is negative and deteriorating, and its 14-day RSI of 34 indicates ILF is neither overbought nor oversold. As for currency effects, the Dollar strengthened this week, dampening returns for Dollar investors in Latin stocks. Longer term, a bullish Dollar dampens returns for Dollar investors in Latin stocks but improves the region's trade competitiveness. It also makes repaying dollar-denominated debt tougher.

Oversold and below both its 200-day and 50-day amid light volume, ILF has been triggering stop-losses for four weeks. It got some help from a Fed rate cut this week (11/7) and some hope from a pro-growth US election, but rising US bond yields and a stronger Dollar are clearly still a drag on Latin equities. **US Fed and Global Interest Rates:** A global recession at some point is still on the table but the prospect has faded considerably, especially now that the US voters have spoken. **Commodity Price Rally and China:** Commodities and oil have overcome 50 and 200-day resistance which should help the raw materials exporting region. Additionally, China's massive monetary stimulus announced last month (9/26) should spark its demand for Latin American commodities. **Global Economic Concerns:** Inflation is a growing problem in Latin America, especially in Mexico, Argentina and Brazil. For now, however, only Argentina’s (ARGT) equity ETF is above its 200-day. Mexico (EWW), Colombia (GXG), Chile (ECH), and Brazil (EWZ) are below it.

Latin American Stocks: longer view— **2022:** A weaker Dollar to open the year helped an oversold ILF rebound 38% by April, drop 32% by July, comeback 21% by August and go sideways (@23) from there, finishing the year up 10%. **2021**: ILF rallied peaking (@32) in June on reopening but faded to a December bottom (@22) with the Delta variant and Omicron.

2023 ETF Breakdown: ILF-- A cap-weighted index fund. **Countries:** Brazil (58%), Mexico (26%), US (8%), Chile (6%), Colombia (2%) **Top Sectors:** Finance (31%), Non-energy minerals (20%), Energy Minerals (14%), Consumer non-durables (10%), Retail (7%), Communications (5%), Technology Services (4%), Utilities (3%), Process Industries (2%), Producer manufacturing (2%).

Private Sector Strategies-- ETFs
Market Timing v. Diversified Buy & Hold: Performance

Strategy	2024	2023	2022	2021	2020	2019	2018	2017	2016
S&P Benchmark	23.2%	24.3%	-19.5%						
US Strategy Moose	**22.2%**	12.3%	**-7.0%**	**22.2%**	**20.9%**	**23.6%**	1.2%	**28.5%**	-5.6%
Aggressive G&I (AOA)	12.2%	**15.6%**	-17.9%	13.5%	10.7%	12.5%	-6.2%	8.0%	3.5%
Index Moose	6.4%	3.6%	-16.3%	11.7%	13.2%	-6.5%	**5.1%**	9.0%	-6.0%
Moderate G&I (AOM)	5.8%	9.2%	**-16.4%**	5.3%	7.7%	19.5%	-9.9%	14.1%	5.3%

US Strategy Model is outperforming Buy-and-Hold in 2024. The Index Model is lagging aggressive B&H.
For buy and hold investors: Aggressive is outperforming more moderate diversifications.

The table above is short, but it illustrates several points: (1) Success of any strategy can be highly variable year-to-year. (2) Just because it worked last year doesn't mean it will next year. (3) Buy-and-hold is preferable in a bull market with few lasting or deep corrections amid trendless volatility. (4) When stocks are trending strong, aggressive buy-and-hold is best, but when stocks go bearish it can be a huge loser. (5) To avoid substantial losses, buy-and-hold investors should have a separate exit plan, whereas such plans are implicit in index targeting (a loss-minimization strategy). (6) Market timing is most profitable when there is one predominant asset choice, or in extended bear market scenarios.

The US Equity Strategy (USES) Model
TOP US Equity Strategy: HOLD Growth (IUSG)

In this section: 7 alternative US equity strategies (as represented by the most popular smart-beta ETFs based on volume and capitalization) and 2 global asset allocation strategies are monitored and ranked using our momentum methodology. The 7 US equity strategies include US momentum, US growth, US value, US low volatility, US high dividend, US fundamentals, and US equal weight. The 2 global asset allocation strategies are moderate (40% equities / 60% income) and aggressive (80% equities / 20% income). The table below compares the relative strength of each of the 9 strategies to a SPY benchmark and a SHY cash baseline. **This week:** Strategy Moose switched to Growth since 10/30/24 @ 134.81. **It was the 1st RISK-OFF after one risk-ON week. US Stocks DOWN, Bonds DOWN and Gold DOWN.**

RANK	CI	Fund	TS	Trend	stop-loss	price	buy-stop
1	**100%**	**US Growth (IUSG)**	**60%**	**bullish**	**130.86**	**135.31**	**139.76**
2	100%	US Momentum (MTUM)	58%	bullish	200.90	208.41	214.89
3	99%	US Benchmark (SPY)	59%	bullish	567.89	585.75	600.17
4	99%	US Equal Weight (RSP)	57%	bullish	176.07	180.94	185.79
5	99%	US Low Volatility (SPLV)	58%	bullish	70.49	72.70	73.89
6	98%	US High Dividend (VYM)	57%	bullish	126.95	130.70	133.45
7	98%	US Value (IUSV)	57%	bullish	93.91	96.76	98.84
8	97%	US Fundamentals (QUAL)	56%	bullish	176.42	179.56	185.01
9	95%	Diversified: Aggressive (AOA)	54%	bullish	76.82	77.44	79.33
10	94%	Diversified: Moderate (AOM)*	37%	slightly bullish	43.76	43.91	44.64
11	92%	US Short Term T-Bill (SHY)	-22%	neutral	81.90	82.02	82.56

NOTE: All of the strategies in this model are derivative of and highly correlated to the S&P. When the S&P is *bearish, hits a stop-loss, is overbought, or gives some other sell signal, adopting any strategy that is highly correlated to it is not recommended. Both SPY and the chosen ETF must be at least technically neutral positive (TS>0) or better and working on a buy-stop to initiate a switch.)

Best S&P Strategies

QUAL on top over 3 years, MTUM and IUSG over 1 & 5

This week: US equities outperform offshore stocks. Among US strategies, Fundamentals are best over 3 years. Momentum and Growth outperform the S&P benchmark over 1 and 5 years respectively.

	Fund	1Y	3Y	5Y
1	US Growth (IUSG)	36%	**56%**	**107%**
2	US Fundamentals (QUAL)	28%	52%	84%
3	US Benchmark (SPY)	30%	47%	88%
4	US Momentum (MTUM)	**40%**	41%	71%
5	US Value (IUSV)	23%	34%	58%
6	Diversified: Aggressive (AOA)	18%	27%	36%
7	US Equal Weight (RSP)	25%	24%	61%
8	US High Dividend (VYM)	24%	19%	43%
9	US Low Volatility (SPLV)	20%	17%	27%
10	Diversified: Moderate (AOM)	11%	14%	10%
11	US Short Term T-Bill (SHY)	1%	1%	-3%

The Index Model

TOP Index Model Move: SWITCH to Cash (MMF)

This week: Index Moose SWITCHES to Cash (MMF) after GLD triggered a stop loss on 11/11/24. It was the 1st RISK-ON after two risk-OFF weeks. US Stocks UP, Bonds UP and Gold DOWN.

RANK	CI	Description	TS	Trend	stop-loss	price	buy-stop
1	**5%**	**Cash (MMF)**	**--**	**slightly bullish**	**--**	**1.00**	**--**
2	100%	US large-cap stocks (SPY)	103%	very bullish	567.89	585.75	600.17
3	99%	US small-cap stocks (IWM)	104%	very bullish	217.37	228.48	242.38
4	80%	Gold (GLD)	45%	slightly bullish	236.13	236.59	257.71
5	34%	Emerging Markets (EEM)	28%	slightly bullish	42.85	42.95	45.91
6	-11%	Europe-Australia-Far East (EFA)	8%	neutral	72.58	77.13	75.66
7	-14%	US Long Treasuries (EDV)	-93%	very bearish	70.20	70.80	74.14

Public Sector Strategies-- Thrift Savings Plan
TSP Moose v. TSP Lifetime Funds: Performance

Strategy	YTD2024	2023	2022	2021	2020	2019	2018	2017
TSP Moose	**17.0%**	16.5%	**-3.4%**	13.3%	**21.8%**	14.9%	**6.5%**	**21.0%**
L2060	16.5%	**23.3%**	-15.9%	**19.9%**	new	--	--	--
L2050	14.1%	20.0%	-13.4%	16.3%	14.8%	**23.3%**	-6.0%	18.8%
L2040	12.9%	18.1%	-11.4%	14.5%	13.2%	20.7%	-4.9%	16.8%
L2030	11.4%	16.6%	-9.0%	12.4%	11.3%	17.6%	-3.6%	14.5%

Stocks rule. The most aggressive Lifetime fund we track is currently outperforming. The TSP Timing Model led for most of the year but has recently fallen back.

The Thrift Savings Plan Model
TOP TSP Model Move: Hold Large Caps (Fund C)

The Thrift Savings Plan, or TSP, is the government's 401K-style retirement plan. Millions of federal employees are invested in it, including several life-long friends here in the capital region. Beginning 12/21/2018, the revised TSP model began incorporating actual fund data and monitoring ten TSP funds instead of five index fund proxies alone.

While having ten asset choices offers myriad possibilities, our primary concern involves the overall strategic decision: Should TSP investors use index targeting (market timing) to manage their portfolio or rely on a diversified buy-and-hold approach. Answer: it depends on the investor and on what's working. Index targeting (using TSP Moose) outperformed diversified buy-and-hold (using TSP's lifestyle choices) in 2017, 2018 and 2020 and 2022, but it underperformed most buy-and-hold lifestyle funds in 2019, 2021 and 2023.

TSP This Year: Stocks are bullish into October while bonds are slipping after the first Fed rate cut. On the plus side, trillions in federal deficit spending continues—through December-- and the Fed is expected to continue cutting rates in November. On the negative side, several economic indicators are still predicting recession.

The TSP Model is outperforming conservative Buy-and-Hold in 2024, but not the most aggressive Lifetime funds. For buy and hold investors: More aggressive is outperforming more moderate portfolios and has been all year

TSP This week: TSP Moose holds US large caps (Fund C) since 9/18/24 @88.46. It was the 1st RISK-OFF after one risk-ON week. US Stocks DOWN, Bonds DOWN and Gold DOWN.

	CI	Fund	Description	Strategy	Style	S-L	PRICE	B-S
1	**100%**	**C Fund**	**Large-caps**	**G & I Equities**	**Index**	**89.93**	**92.59**	**94.53**
2	81%	S Fund	Small-caps	Growth Equities	Index	86.61	91.34	94.25
3	69%	L 2060	Retire 2060	Very Aggressive Grwth	Diversified	17.36	17.62	18.05
4	61%	L 2050	Retire 2050	Aggressive Grwth	Diversified	17.36	34.93	35.66
5	56%	L 2040	Retire 2040	Aggressive G&I	Diversified	34.51	57.79	58.8426
6	51%	L 2030	Retire 2030	Moderate G & I	Diversified	57.17	50.40	51.16
7	34%	L Inc*	Long-term Inc	Maximum Income	Diversified	26.52	26.65	26.82
8	24%	F Fund*	Fixed Income	US Bonds	Index	19.49	19.49	19.81
9	20%	G Fund	Short-term Inc	Cash equivalent	Index	18.59	18.65	18.65
10	20%	I Fund*	Internat stocks	Offshore Growth	Index	42.19	42.19	44.71

**Stop-loss hit, no buy-stop since—default to highest ranked alternative. (Published stop-loss price is as of previous Friday close. It may change daily and as such, is published as an initial reference only.) **overbought*

Moospeak

Trump vs. Fed

One might argue that Donald Trump has never had the best relationships with his detractors (or with some of his friends for that matter). And if history is any indication, that goes double for the US Federal Reserve. In his first term, Trump never caught a break from the Fed— even after he appointed his own Fed chairman!

Back in December 2016, a month before Trump's first inauguration, the outgoing Obama Fed decided to start hiking interest rates even though economic growth was only 2% and inflation was even lower. They kept it up throughout Trump's term until the wheels finally came off the economy three years later— eight months before the 2020 election. (During that period the former vice-chair of the Fed inadvisedly advocated in the press that the central bank use rate hikes to fuel "the resistance" to Trump, destroying the institution's façade of political impartiality.)

Fast forward to the day after the 2024 election. Q3 GDP is growing above trend at 3.5%, and core inflation is well above target. Government deficits have been running at $2T a year for two years. Despite all that the Fed has cut interest rates twice and was promising more… until Trump was declared the next president.

At that point Fed Chairman Powell's message changed: *"The economy is not sending any signals that we need to be in a hurry to lower rates. The strength we are currently seeing in the economy gives us the ability to approach our decisions carefully."*

Say what?

Before the election there was a 100% chance of a 25-bps rate cut in December, and 75-100-bps in cuts were expected in 2025. After Powell's comments last week, the chance of a rate cut in December is down to 62%, and only 50 bps in cuts are expected in all of next year. Powell's comments also had an immediate impact on gold which gapped lower that day, and then after some more reflection gapped down again this past Monday, triggering our index-model's stop-loss (@244.26) when GLD opened this week (@242.73).

The Fed just naturally tightens up when Trump enters the room. Inflation, on the other hand, is transitory when there is a Dem running the show. The partisan skew is well known and shows up every four years.

In the most recent (2024) election cycle, as reported by a former Fed trader and verified by Semafor, 91% of political donations by Federal Reserve staffers went to the Democrat party. That was nothing new. A similar propensity for the Fed to go blue in a big way is evident in five of the last six Presidential elections, including all three in which Trump competed (2016, 2020, and 2024). The only Presidential election in which Fed employee donations to Republicans edged out those to Democrats was 2012.

President-elect Trump plans to keep taxes where they are (low) for the most part. He also plans to cut regulations and reopen US oil and gas exploration, reduce the size of government, implement more tariffs and redirect government spending. Such policies have the potential to boost growth and productivity and be disinflationary. Tariffs could aggravate inflation, but it depends on what products, where, and for how long. (Biden kept Trump tariffs in place and is looking to raise rates on China.)

With partisanship being a fact of life at the Fed, the debate over a new Fed Chairman becomes moot. Even if Trump were to relieve Powell, Democrat economists and staffers would still hold sway over the new guy. Trump should see hawkish Fed bias as a compliment or an endorsement that his pro-growth policies will make America so great that the Fed will eventually have to take away the punchbowl.

Trump's inherent advantage this time around is that he doesn't have to worry about his own reelection. Nor do his enemies. Maybe that will cut down on some of the resistance. My advice: the best thing a President can hope for in a Fed Chairman is to find one who knows what it takes to do right by the American people and come hell or high water does it. When the Fed does right by the American people everyone knows it and it reflects well on the President, even if the President initially disagreed with the proper course. Conversely, when the Fed makes mistakes trying to help a President politically everyone knows it and it comes back on the President.