# *MOOSECALLS*

Global Financial News & Analysis

NOV22.2024 through DEC01.2024

# *Global Markets: WEEKLY PERFORMANCE*

## NEVER MIND…

After a post-election setback last week, the markets have rebounded in a big way. There was not a single minus sign among the assets we track. Thanksgiving, beginning of the year-end window-dressing season, is right around the corner and the Federal government is still throwing $90B a month in free money into the air to keep the festivities "festive". Long Treasuries (+0.4%) stabilized after last week's 4% hit. The 10-year yield slipped 2 bps lower to 4.41% even though cash yields improved to 4.42%. The US Dollar (+0.8%) rocked on. Despite that, commodities rallied (+3.6%) led by big rebounds in oil (+6.5%) and gold (+5.6%). US small caps (+4.5%) and US large caps (+1.7%) led the equity classes higher. Offshore stocks weren't as impressive but were still up. Asia-Pacific (+0.8%), Japan (+0.7%), Latin America (+0.3%) and Europe (+0.2%) all posted gains. **The models**: One switches this week. **Next week:** Personal income and spending. New home sales. PCE inflation.

# *Global Ranking: US Small Caps Top Global Rankings*

Index Moose ETF Rankings through DEC01.2024

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 small caps top our global momentum choices as cash gives way. IWM is atop the Index model since switching on 11/20/2024 via CI. *Assets 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 small-cap stocks (IWM)** | **94%** | **very bullish** | **217.63** | **238.77** | **242.39** |
| 2 | 96% | US large-cap stocks (SPY) | 93% | very bullish | 567.89 | 595.51 | 600.17 |
| 3 | 78% | Gold (GLD) | 90% | very bullish | 236.13 | 249.84 | 257.71 |
| 4 | 61% | Pacific ex-JAPAN stocks (AAXJ) | 20% | neutral | 73.28 | 74.00 | 45.91 |
| 5 | 7% | Cash (SHY) | -28% | -- | 81.90 | 82.01 | 82.47 |
| 6 | -2% | US Long Treasuries (EDV) | -97% | very bearish | 69.96 | 71.09 | 74.14 |
| 7 | -16% | European stocks (IEV) | -98% | very bearish | 52.57 | 53.02 | 56.44 |
| 8 | -17% | Japanese stocks (EWJ) | -40% | slightly bearish | 66.85 | 67.95 | 70.12 |
| 9 | -89% | Latin American stocks (ILF) | -95% | very bearish | 23.79 | 24.16 | 25.50 |
| | | | | | | | |
| | | Ryan/CRB Indicator | 99% | steady rates | | | |
| | | ST Interest Rate Equity Indicator | 21% | neutral | | | |
| | | Volatility Index | -15% | neutral | | | |
| | | US Dollar Index | 98% | very bullish | | | |
| | | Commodity inflation trend | -31% | slightly bearish | | | |
| | | Oil | -43% | slightly bearish | | | |

# *Global Markets: THE WEEK'S ACTION*— Risk-ON (1)

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

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

# *Global Markets: WEEKLY TECHNICAL SUMMARY*

**#1 IWM Rebounds—**
US small-cap stocks (IWM) are very bullish and ranked 1 globally, more attractive than cash. IWM rose 4.5% this week, following last week's 4.0% loss. That leaves IWM up 8.3% for the quarter (13 weeks) and up 33.1% for the year (52 weeks).

**#2 SPY Rallies Five Sessions In A Row**—
US large-cap stocks (SPY) are very bullish and ranked 2 globally, more attractive than cash. SPY rose 1.7% this week, following last week's 2.1% loss. That leaves SPY up 5.9% for the quarter (13 weeks) but up 30.8% for the year (52 weeks).

**#3 GLD Rallies Five Days in a Row--**
Gold bullion's price is very bullish and ranked 3 globally, more attractive than cash. GLD rose 5.6% this week, following last week's 4.6% loss. That leaves GLD up 7.7% for the quarter (13 weeks) and up 34.7% for the year (52 weeks).

**#4 AAXJ Retraces 50% of AUG-OCT Rally--**
Asia-Pacific ex-Japan equities (AAXJ) are neutral and ranked 4 globally, more attractive than cash. AAXJ rose 0.8% this week, following last week's 4.0% loss. That leaves AAXJ up 0.5% for the quarter (13 weeks) and up 12.6% for the year (52 weeks).

**#5 Cash and Bond Yields Mixed**—
The US Treasury 10-year yield finished the week two ticks lower at 4.41%, and the 3-month yield was higher at 4.42%, leaving the yield curve inverted by -1 basis point.

**#6 Bonds Approach Spring Lows--**
US Long-zeros 25y+ are very bearish and ranked 6 globally, less attractive than cash. EDV rose 0.4% this week, following last week's 3.8% loss. That leaves long bonds down 11.0% for the quarter (13 weeks) and up 0.2% for the year (52 weeks).

**#7 Europe Puts In Six-Month Low—**
European equities (IEV) are very bearish and ranked 7 globally, less attractive than cash. IEV rose 0.2% this week, following last week's 2.7% loss. That leaves IEV down 8.5% for the quarter (13 weeks) and up 4.6% for the year (52 weeks).

**#8 Japanese Equities' Mo Slows--**
Japanese stock prices (EWJ) are slightly bearish and ranked 8 globally, less attractive than cash. EWJ rose 0.7% this week, following last week's 2.8% loss. That leaves EWJ down 5.5% for the quarter (13 weeks) and up 8.5% for the year (52 weeks).

**#9 ILF Triggers More Stop-Losses--**
Latin American equities (ILF) are very bearish and ranked 9 globally, less attractive than cash. ILF rose 0.3% this week, following last week's 2.6% loss. That leaves ILF down 8.1% for the quarter (13 weeks) and down 12.9% for the year (52 weeks).

**Commodities Trigger Buy-Stop--**
A slightly bearish CRB rose 3.6% this week after last week's 0.7% loss. That left commodity prices up 4.0% for the quarter (13 weeks) and up 6.6% for the year (52 weeks). Meanwhile, slightly bearish oil prices (USO) rose 6.5% this week, following last week's 4.6% loss. That leaves US oil prices down 1.7% for the quarter (13 weeks) and up 4.8% for the year (52 weeks).

**Overbought Dollar Gaps Even Higher**—
A very bullish US Dollar rose 0.8% this week, following last week's 1.9% gain. That leaves it up 8.5% for the quarter (13 weeks) and up 3.8% in the last year (52 weeks).

Global Economy through DEC01.2024

## *Global Outlook: Negative*

**The Global Economic Outlook Stays Negative**

An international shipping measure and proxy for current global trade, **the Baltic Dry Index fell to 1537 this week and is lower after 13 weeks—a negative** trend. (After opening 2023 at 1515, BDI is still well below its 2010 peak at 4640.) Meanwhile, another proxy for world activity, **WTI oil price at 71.24 rose this week and is lower for the latest quarter—a negative** trend. (Oil remains below its 2022 peak at $130 but well above its 2020 Covid lows at $10.) Our proxy for global construction, **copper rose to 4.13 this week and remains lower this quarter—a negative** trend. Domestically, **10Y US bond yields fell to 4.41% 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*

## EXISTING HOME SALES IMPROVE; STARTS, PERMITS DOWN

US Economy: week of NOV22.2024

### This Week: MIXED

**THE GOOD:** Weekly Initial Claims (213K) down from previous, and below consensus. NOV **NAHB Housing Market Index** (46) still bearish but better than previous. NOV **S&P Global US Services PMI – Prelim** (57.0) above prior. NOV **S&P Global US Manufacturing PMI – Prelim** (48.8) above prior. OCT **Existing Home Sales** (3.96M) up from previous more than expected.

**THE BAD:** Weekly Continuing Claims (1908K) above prior. Weekly EIA Crude Oil Inventories (+0.545M) build slips lower as oil prices rise. NOV **Univ. of Michigan Consumer Sentiment – Final** (71.8) below forecast and previous. NOV **Philadelphia Fed Index** (-5.5) below consensus and previous. OCT **Leading Indicators** (-0.4%) down again, more than forecast. OCT **Housing Starts** (1311K) below consensus and prior. OCT **Building Permits** (1416K) below consensus and prior.

**THE UGLY:** Nothing

## *US Economy: INFLATION*

## CONSUMER/PRODUCER/EX-IM INFLATION WARMS

US Inflation: week of NOV22.2024

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 (11/19/2024): **Q4 Annualized 2.6% (Last week: Q4 Est 2.5%)**

*Economy: FEDERAL RESERVE*

# FED BALANCE SHEET ($6.96T); FFR @ (4.75-5.00%)

Federal Reserve: week of NOV22.2024

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 6.96T, DOWN (-0.01T) in the latest weekly report (NOV20). 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 (56%) 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 99% 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 remains minimally inverted at -1 bps this week.** Intermediate term, the curve has been inverted since November 2022 (20 months). **The median yield is still steady, leaving our interest rate signal for stocks neutral.**

The 3-month SOFR yield at 4.57% is down this week, while the 3-month T-bill at 4.42% is up. That puts the SOFR/T-Bill (SOF-T) spread at +16 basis points, below its 200-day average of 37 bps. A narrower SOF-T spread signals a safer, more confident financial system.

**FED POSTURE THIS WEEK: NEUTRAL (0) LW: 0**
**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 Gaps Even Higher


**US Dollar**: UUP rose 0.8% this week, following last week's 1.9% gain. It is currently very bullish—up 8.5% for the quarter (13 weeks), and up 3.8% 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 at 74 is overbought. The 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, but then the greenback took off for overbought territory and hasn't really looked back. This week the buck's rally resumed for an 8th straight week as bond yields slipped. The pre-election "soft-landing" narrative has taken a hit lately as weak jobs and sticky inflation hint at stagflation. As for other major currencies vs. the Dollar: The Canadian Dollar is very bearish, but up 0.8%. The Australian Dollar is bearish, but up 0.7%. The Yen is bearish and down 0.4%. The Pound is slightly bearish and down 0.5%. The Euro is very bearish and down 1.0% this week.

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 | -87% | very bearish | Euro investors outperform | US$ investors underperform in Euros |
| Yen | -67% | bearish | Yen investors outperform | US$ investors underperform in Yen |
| Australian $ | -72% | bearish | Aussie $ investors outperform | US$ Investors underperform in A$ |
| British Pound | -48% | slightly bearish | Sterling investors outperform | US$ investors underperform in Pound |
| Canadian $ | -90% | very bearish | Canadian $ investors outperform | US$ investors underperform in C$ |

## *US Bond Market:*
## #6 Bonds Approach Spring Lows

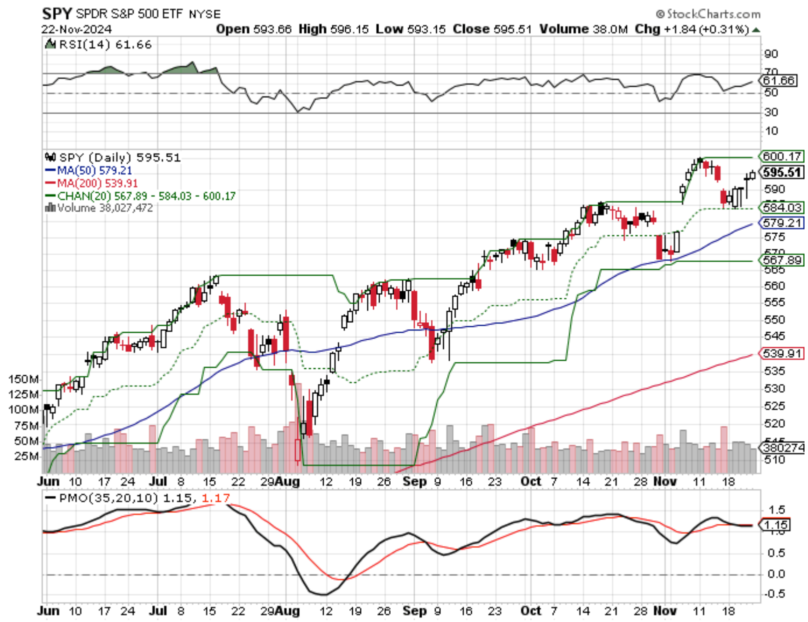

**US Long Treasury Bonds:** EDV rose 0.4% this week, following last week's 3.8% loss, leaving it ranked #6 globally and less attractive than cash. Long bonds are down 11.0% for the quarter (13 weeks) but still up 0.2% for the year (52 weeks). The US Treasury 10-year yield finished the week two ticks lower at 4.41%, and the 3-month yield was higher at 4.42%, leaving the yield curve inverted by -1 basis point. This reduces the odds of a recession in late 2024–early 2025. Technically, US long bonds are very bearish. At 71, EDV is below its short-term (50-day) average at 75 and below its intermediate-term (200-day) average at 75. Momentum (PMO) is negative but improving, and its 14-day RSI of 42 means EDV is neither overbought nor oversold. As for currency effects, the Dollar strengthened this week, enhancing returns for dollar investors in US bonds. Longer term, a bullish Dollar spurs investment in US assets, while reducing US trade competitiveness.

Bonds rose fractionally and yields edged lower this week. The pre-election “soft-landing” narrative has taken a hit lately as weak job growth and sticky inflation hint at stagflation. The Fed rate cut and the Chairman’s hint that rates may have to pause (or go up next year under Trump), is adding to concerns. Everyone knows US jobs data was faked for three years, sending bonds lower, but no one knows the implications going forward. So far bonds continue to weaken having gapped below 200-day support five weeks ago and remaining there this week despite a slight gain. That the pro-growth team won the election then adds 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 alienate 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:*
# #2 SPY Rallies Five Sessions In A Row




**US Large-Cap Stocks:** SPY rose 1.7% this week, following last week's 2.1% loss, leaving it ranked #2 globally and more attractive than cash. The index is up 5.9% for the quarter (13 weeks) and up 30.8% for the year (52 weeks). Technically, US large caps are very bullish. At 596, SPY is above its short-term (50-day) average at 582 and above its intermediate-term (200-day) average at 544. Its momentum (PMO) is positive and neutral, and its 14-day RSI of 62 means SPY is neither overbought nor oversold. As for currency effects, the Dollar strengthened this week, enhancing returns 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 last week when warmer than expected consumer, producer and Ex-Im inflation data spiked bond yields. A 31% 12-month rally in SPY was initially 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 and sticky inflation data hint at stagflation. That and recent suggestions of a pause in rate cuts from the Fed in 2025 are raising concerns. The primary positive for stocks is and remains massive Federal deficit spending which contributes to stagflation. 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 alienate 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 and especially after deregulation.

**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:*
# #1 IWM Rebounds


**US Small-Cap Stocks:** IWM rose 4.5% this week, following last week's 4.0% loss, leaving it ranked #1 globally and more attractive than cash. The index is up 8.3% for the quarter (13 weeks) and up 33.1% for the year (52 weeks). Technically, US small caps are very bullish. At 239, IWM is above its short-term (50-day) average at 225 and above its intermediate-term (200-day) average at 211. Its momentum (PMO) is positive and improving, and its 14-day RSI of 65 means IWM is neither overbought nor oversold. As for currency effects, the Dollar strengthened this week, enhancing returns 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 with the Republican election victory but turned south last week when warmer than expected consumer, producer and Ex-Im inflation data spiked bond yields. A 33% 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 and sticky inflation hint at stagflation. That and recent suggestions of a pause in rate cuts from the Fed in 2025 are raising concerns. The primary positive for stocks is and remains massive Federal deficit spending which contributes to stagflation. 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 alienate voters. As long as Uncle Sugar's free money continues to drive the US stock market higher as it has since 2017, it will be the best place to put money, and especially after deregulation.

**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, Builders

US Stock Sectors: through DEC01.2024

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 broadened-- 85% of our sectors are buy or hold (L81%). BUYS are now 55% (L41%). HOLDS are now 30% (L40%). AVOIDS are now 15% (L19%). 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 | 47% | Bitcoin (BLOK) | Tech | 95% | very bullish |
| KBE | 29% | KB Banks (KBE) | Financial | 92% | very bullish |
| KCE | 29% | Capital Markets (KCE) | Financial | 96% | very bullish |
| IYZ | 27% | Telecommunications (IYZ) | Telecom | 93% | very bullish |
| IGV | 24% | US GSTI Software Index (IGV) | Tech | 96% | very bullish |
| KIE | 18% | KBW Insurance (KIE) | Financial | 99% | very bullish |
| FDN | 17% | DJ Internet Index (FDN) | Tech | 93% | very bullish |
| VNQ | 15% | REITs (VNQ) | Real Estate | 66% | bullish |
| GGME | 14% | Media Portfolio (GGME) | Consumer | 77% | very bullish |
| IYJ | 14% | Industrials (IYJ) | Industrial | 90% | very bullish |
| IYT | 13% | Transports (IYT) | Transportation | 90% | very bullish |
| XLU | 13% | Utilities (XLU) | Utilities | 86% | very bullish |
| IYW | 13% | US Technology (IYW) | Tech | 87% | very bullish |
| ITB | 13% | Home Construction (ITB) | Home Builders | 48% | slightly bullish |
| ITA | 12% | US Aerospace & Defense (ITA) | Industrial-Tech | 90% | very bullish |
| **SPY** | **12%** | **S&P 500** | **BENCHMARK** | **89%** | **very bullish** |
| IHI | 7% | US Medical Devices (IHI) | Health-Tech | 92% | very bullish |
| RING | 6% | Gold Miners (RING) | Materials | 19% | neutral |
| XRT | 6% | Retail (XRT) | Consumer | 88% | very bullish |
| XLP | 4% | Consumer Staples (XLP) | Consumer | 89% | very bullish |
| IHE | 2% | US Pharmaceuticals (IHE) | Health | 12% | neutral |
| SMH | 2% | Semiconductors (SMH) | Tech | 47% | slightly bullish |
| XLB | 2% | Select Materials (XLB) | Materials | 50% | bullish |
| PBJ | 1% | Food & Beverage (PBJ) | Consumer | 64% | bullish |
| **SHY** | **1%** | **CASH** | **BASELINE** | **-6%** | **neutral** |
| IHF | 0% | US Health Care Providers (IHF) | Health | 2% | neutral |
| IBB | -1% | Biotechnology (IBB) | Health-Tech | 0% | neutral |
| XOP | -2% | Oil & Gas Exploration & Production (XOP) | Energy | 25% | slightly bullish |
| IEZ | -3% | US Oil Equipment & Services (IEZ) | Energy | 14% | neutral |

*INTERNATIONAL MARKETS:*
#3 GLD Rallies Five Days in a Row


**Gold Bullion:** GLD's price rose 5.6% this week, following last week's 4.6% loss, leaving it ranked 3 globally and more attractive than cash. Most recently, GLD is up 7.7% for the quarter (13 weeks) but up 34.7% for the year (52 weeks). Technically, Gold bullion (GLD) is currently very bullish. At 250, it is above its short-term (50-day) average at 247 and above its intermediate-term (200-day) average at 224. Its momentum (PMO) is negative but improving, and its 14-day RSI of 57 means GLD is neither overbought nor oversold. As for currency effects, the US Dollar strengthened this week, dampening returns for dollar investors in gold bullion. Longer term, a bullish Dollar dampens returns to Dollar investors in gold.

GLD hit a new all-time high three weeks ago, dropped 7.8% in two weeks triggering multiple stop-losses and then rallied 5.6% this week. The downside volatility took gold out of first in the index model, dropping it behind US large and small caps. The recent decline was exacerbated by rising bond yields as consumer, producer and Ex-Im inflation data came in warmer than hoped and by hints from the Fed that it may hike rates in 2025 instead of cutting them. 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 point to possible stagflation. 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 still has value as a "Safe haven", as "a store of wealth", and as a "hedge against inflation". 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 Trigger Buy-Stop


**Commodities:** A slightly bearish CRB rose 3.6% this week after last week's 0.7% loss. That left commodity prices up 4.0% for the quarter (13 weeks) and up 6.6% for the year (52 weeks). At 290, the CRB is above its short-term (50-day) average at 285 and above its intermediate-term (200-day) average at 285. Its momentum (PMO) is positive and improving, and its 14-day RSI of 63 means the CRB is neither overbought nor oversold.

**Crude Oil**: Meanwhile, oil prices (USO) rose 6.5% this week, following last week's 4.6% loss, and are currently slightly bearish. That leaves US oil prices down 1.7% for the quarter (13 weeks) and up 4.8% for the year (52 weeks). At 74, USO is above its short-term (50-day) average at 73 and below its intermediate-term (200-day) average at 76. The Dollar strengthened this week, dampening returns for investors in hard assets. Longer term, the bullish Dollar is dampening returns 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 did not preclude oil and commodities to post gains this week, assisted in part by lower bond yields. That left commodities above 200-day support and 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:*
# #7 Europe Puts In Six-Month Low


**European Large-Cap Stocks:** IEV rose 0.2% this week, following last week's 2.7% loss, leaving them ranked #7 globally and less attractive than cash. Most recently, Europe is down 8.5% for the quarter (13 weeks) and up 4.6% for the year (52 weeks). Technically, IEV is very bearish. At 53, it is 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 neutral, and its 14-day RSI of 34 means 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 returns to Dollar investors but improves Europe's trade competitiveness.

IEV rallied 11% beginning last August, setting a 2024 high at 50.06 (9/27). Over the last two months it has retraced roughly 100% of that move and has fallen well below both its 200-day and 50-day averages. The Europe 350 is now up less than 5% in 12 months despite global central bank easing in the second half. Rising US bond yields and a strong Dollar have been a major drag on European equities. Moreover, the ugly prospect of Donald Trump insisting the EU engage in fair trade and share in the cost of its own defense became a reality after the US elections. 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. The Biden administration has cleared Ukraine to launch US long range missiles into Russia. Europe views Ukraine as a bulwark against Putin but worries 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:*
# #8 Japanese Equities' Mo Slows


**Japanese Stocks:** EWJ rose 0.7% this week, following last week's 2.8% loss, leaving it ranked #8 globally and less attractive than cash. Most recently, Japan is down 5.5% for the quarter (13 weeks) but up 8.5% for the year (52 weeks). Technically, EWJ is slightly bearish. At 68, it is 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 45 means EWJ is neither overbought nor oversold. As for currency effects, the Yen weakened this week, dampening returns for Dollar investors in Japanese stocks. Longer term, a bearish Yen dampens returns to Dollar investors but improves Japan's trade competitiveness.

Japanese equities rallied on the news that a pro-growth mind-set would be taking over in Washington, DC and then had second thoughts. A strong American consumer is great for Japan's export economy, but the threat of US tariffs blowing up Japan's traditional beggar-thy-neighbor weak Yen policy is another matter. The path since Warren Buffet's vote of confidence in Japan 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 rate cuts. The plan was to continue to raise interest rates as long as incoming economic data matched the central bank's expectations, but 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 Retraces 50% of AUG-OCT Rally


**Asia-Pacific ex-Japan:** AAXJ rose 0.8% this week, following last week's 4.0% loss, leaving it ranked #4 globally and more attractive than cash. The index is up 0.5% for the quarter (13 weeks) and up 12.6% for the year (52 weeks). Technically, AAXJ is neutral. At 74, it is 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 40 means AAXJ is neither overbought nor oversold. As for currency effects, the 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.

AAXJ rallied 24% between August and October, setting a three-year overbought high (10/7) in the wake of massive Chinese monetary stimulus. It has lost half of that over the last seven weeks and steadied there this week. If that level doesn't hold the next Fibonacci retracement level (down 62%) is just above the 200-day moving average. Rising US bond yields and a stronger Dollar have been a drag on foreign equities. It is also increasingly clear that the Chinese monetary stimulus announced in September 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. Couple that with the realization that US subsidies to China and India under Biden may end under Trump if the US again exits the Paris Climate Accords, and things could get worse before they get better. Singapore, China, Taiwan, Hong Kong and India are bullish intermediate term while South Korea is bearish. Momentum, however, is currently deteriorating everywhere except Singapore.

**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 Triggers More Stop-Losses


**Latin America 40:** ILF rose 0.3% this week, following last week's 2.6% loss, leaving it ranked #9 globally and less attractive than cash. The index is down 8.1% for the quarter (13 weeks) and down 12.9% for the year (52 weeks). Technically, ILF is very bearish. At 24, it is 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 40 means 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 to Dollar investors in Latin stocks but improves the region's trade competitiveness. It also makes repaying Dollar-denominated debt tougher.

ILF rallied 12% last August, setting a 2024 overbought high (8/19). Over the last three months it has retraced more than 62% of that move and has fallen well below both its 200-day and 50-day. It has been triggering stop-losses for five weeks, and a 100% Fibonacci retracement in ILF to the 23.75 area looks like the next stop. ILF It got some help from two Fed rate cuts 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. **Global Economic Concerns: 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. Commodities and oil have overcome 50 and 200-day resistance which should help the raw materials exporting region. China's massive monetary stimulus announced 9/26 has done little for Latin America, however. Moreover, inflation is a problem, especially in Mexico, Argentina and Brazil. For now, Mexico (EWW), Colombia (GXG), Chile (ECH), and Brazil (EWZ) are in “stupid government” phases that have turned their equities bearish. Only Argentina’s (ARGT) equity ETF is above its 200-day.

**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 | 25.3% | 24.3% | -19.5% | | | | | | |
| US Strategy Moose | **24.3%** | 12.3% | **-7.0%** | **22.2%** | **20.9%** | **23.6%** | 1.2% | **28.5%** | -5.6% |
| Aggressive G&I (AOA) | 13.5% | **15.6%** | -17.9% | 13.5% | 10.7% | 12.5% | -6.2% | 8.0% | 3.5% |
| Index Moose | 10.1% | 3.6% | -16.3% | 11.7% | 13.2% | -6.5% | **5.1%** | 9.0% | -6.0% |
| Moderate G&I (AOM) | 6.8% | 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 holds Growth since 10/30/24 @ 134.81. **It was the 1st RISK-ON after one risk-OFF week. US Stocks UP, Bonds UP and Gold UP.**

| RANK | CI | Fund | TS | Trend | stop-loss | price | buy-stop |
|---|---|---|---|---|---|---|---|
| **1** | **100%** | **US Growth (IUSG)** | **54%** | **bullish** | **130.86** | **137.37** | **139.76** |
| 2 | 85% | US Benchmark (SPY) | 56% | bullish | 567.89 | 595.51 | 600.17 |
| 3 | 84% | US Low Volatility (SPLV) | 62% | bullish | 70.49 | 73.96 | 74.15 |
| 4 | 84% | US Momentum (MTUM) | 61% | bullish | 200.90 | 214.91 | 215.14 |
| 5 | 71% | US Fundamentals (QUAL) | 54% | bullish | 176.42 | 182.75 | 185.01 |
| 6 | 69% | US High Dividend (VYM) | 58% | bullish | 126.95 | 133.62 | 133.74 |
| 7 | 65% | US Value (IUSV) | 58% | bullish | 93.91 | 98.97 | 99.03 |
| 8 | 65% | US Equal Weight (RSP) | 58% | bullish | 176.07 | 185.53 | 185.79 |
| 9 | 47% | Diversified: Aggressive (AOA) | 49% | slightly bullish | 76.82 | 78.36 | 79.33 |
| 10 | 30% | Diversified: Moderate (AOM)* | 29% | slightly bullish | 43.76 | 44.32 | 44.64 |
| 11 | 6% | US Short Term T-Bill (SHY) | -18% | neutral | 81.90 | 82.01 | 82.47 |

**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*
### *IUSG on top over 3 & 5 years, MTUM over 1*

**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) | 37% | **60%** | **111%** |
| 2 | US Fundamentals (QUAL) | 29% | 56% | 88% |
| 3 | US Benchmark (SPY) | 31% | 50% | 92% |
| 4 | US Momentum (MTUM) | **42%** | 44% | 76% |
| 5 | US Value (IUSV) | 25% | 38% | 62% |
| 6 | Diversified: Aggressive (AOA) | 18% | 29% | 38% |
| 7 | US Equal Weight (RSP) | 27% | 28% | 66% |
| 8 | US High Dividend (VYM) | 26% | 21% | 46% |
| 9 | US Low Volatility (SPLV) | 21% | 17% | 30% |
| 10 | Diversified: Moderate (AOM) | 11% | 15% | 11% |
| 11 | US Short Term T-Bill (SHY) | 1% | 1% | -3% |

## *The Index Model*
### *TOP Index Model Move: SWITCH US Small Caps (IWM)*

**This week:** **Index Moose SWITCHES to *US Small Caps (IWM)* vis CI on 11/20/24. It was the 1st RISK-ON after one risk-OFF week. US Stocks UP, Bonds UP and Gold UP.**

| RANK | CI | Description | TS | Trend | stop-loss | price | buy-stop |
|---|---|---|---|---|---|---|---|
| **1** | **100%** | **US small-cap stocks (IWM)** | **94%** | **very bullish** | **217.63** | **238.77** | **242.39** |
| 2 | 96% | US large-cap stocks (SPY) | 93% | very bullish | 567.89 | 595.51 | 600.17 |
| 3 | 78% | Gold (GLD) | 90% | very bullish | 236.13 | 249.84 | 257.71 |
| 4 | 35% | Emerging Markets (EEM) | 20% | neutral | 42.85 | 43.28 | 45.91 |
| 5 | 7% | Cash (SHY) | -28% | -- | 81.90 | 82.01 | 82.47 |
| 6 | -2% | US Long Treasuries (EDV) | -97% | very bearish | 69.96 | 71.09 | 74.14 |
| 7 | -5% | Europe-Australia-Far East (EFA) | 8% | neutral | 72.58 | 77.56 | 75.66 |

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

| Strategy | YTD2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|
| **TSP Moose** | **19.0%** | 16.5% | **-3.4%** | 13.3% | **21.8%** | 14.9% | **6.5%** | **21.0%** |
| L2060 | 18.8% | **23.3%** | -15.9% | **19.9%** | new | -- | -- | -- |
| L2050 | 16.0% | 20.0% | -13.4% | 16.3% | 14.8% | **23.3%** | -6.0% | 18.8% |
| L2040 | 14.5% | 18.1% | -11.4% | 14.5% | 13.2% | 20.7% | -4.9% | 16.8% |
| L2030 | 12.8% | 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.

## ***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-ON after one risk-OFF week. US Stocks UP, Bonds UP and Gold UP.**

| | CI | Fund | Description | Strategy | Style | SL | price | BS |
|---|---|---|---|---|---|---|---|---|
| **1** | **100%** | **C Fund** | **Large-caps** | **G & I Equities** | **Index** | **89.93** | **94.19** | **94.53** |
| 2 | 92% | S Fund | Small-caps | Growth Equities | Index | 86.61 | 96.26 | 96.26 |
| 3 | 67% | L 2060 | Retire 2060 | Very Aggressive Grwth | Diversified | 17.36 | 17.96 | 18.0545 |
| 4 | 60% | L 2050 | Retire 2050 | Aggressive Grwth | Diversified | 17.36 | 35.51 | 35.66 |
| 5 | 55% | L 2040 | Retire 2040 | Aggressive G&I | Diversified | 34.51 | 58.63 | 58.84 |
| 6 | 49% | L 2030 | Retire 2030 | Moderate G & I | Diversified | 57.17 | 51.02 | 51.16 |
| 7 | 33% | L Inc | Long-term Inc | Maximum Income | Diversified | 26.52 | 26.81 | 26.82 |
| 8 | 23% | F Fund | Fixed Income | US Bonds | Index | 19.49 | 19.53 | 19.66 |
| 9 | 20% | G Fund | Short-term Inc | Cash equivalent | Index | 18.61 | 18.67 | 18.67 |
| 10 | 12% | I Fund | Internat stocks | Offshore Growth | Index | 42.19 | 42.66 | 43.87 |

**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*

# *Housing Week Synopsis*

Housing is a key component of the US economy, and the third week of the month is informally known as housing week in US government data-world. Housing week follows jobs week and inflation week. The housing week calendar includes data releases such as the NAHB Housing Market Index, Housing Starts, Building Permits, and Existing Home Sales.

This week, home builders report having a generally negative outlook (46) toward their industry in October, but not as pessimistic as they were in September (43). As expected, October Housing Starts (1311K) and Building Permits (1416K) not only came in below previous levels but were down more than forecasts. The best news was that existing home sales (3.96M) beat both consensus estimates and September's revised rate (3.83M). We'll have to wait a week for New and Pending Home Sales.

Housing market conditions are primarily local. US government data provides a national picture, which allows for little more than generalizations about the market for shelter. The generalization for the last three years or so has been that it's tough to buy a house because of higher home prices and higher interest rates. For example, putting 20% down on a $400,000 house and getting a 3,5% mortgage rate in 2021 would have cost $1440 a month in principal and interest. Today, with the 30-year averaging at or above 6.5% principal and interest would be over $2020 per month for the same house, a 40% increase. That has put the housing market in the deep freeze.

Existing home homeowners with low mortgage rates don't want to give them up in order to buy a new place at a much higher rate. That cuts into housing supply, which can be exacerbated by stringent local building and zoning regulations in some states, raising the price of the homes as well. This week's starts and permits reinforce builder pessimism and don't bode well for increasing supply.

The higher cost of buying a home has turned many potential buyers into renters for now, but demand is subject to change, influenced by variables such as tax policy, insurance rates, and even the weather. (After two hurricanes last month Florida's home prices are down. Moreover, if Trump restores the state and local tax deduction to New Yorkers and Californians emigration out of those states will slow relieving home price pressures in low tax states.) This week's existing home sales data does indicate improved demand, but it would be nice if new home sales confirmed it next week.

Since the market for shelter is heavily weighted (36%) in the consumer price index (CPI), it is little wonder that inflation has gotten sticky. If shelter supply is flat or falling and demand is rising, more housing price increases are inevitable, helping to keep inflation above target. Annual core CPI is at 3.3% this month, well above the Fed's 2% target. The biggest contributor to that overshoot was shelter, up 4.9% this year.

The Fed is still expected to cut rates again in December (56%) … maybe. Prior to the election, 1% in cuts by year-end was a done deal (100%). Now the Fed may pause at 75 bps. In addition, expected cuts in 2025 are down from 100 bps to 50 bps. A more hawkish Fed means the "soft-landing" narrative is no longer going full bore. Weak October jobs and sticky core consumer inflation have increased stagflation concerns.

Our Fed Check suggests the Fed should stand pat in December and not cut rates. Commodity prices are in check and the global economy is anemic. Moreover, the yield curve has gone from negative to flat and is beginning to show signs of turning positive. A positive yield curve (which we haven't had for two years) suggests demand-side growth and/or inflation if all else stays the same. That, however, could be mitigated by supply-side disinflation through deregulation in 2025.

Other Developments:

Bitcoin at $99,000 closed in on its 'inevitable' $100k mark, amid Trump's promise to be the crypto President. Bitcoin could supplant gold as a store of value in the future, but both vehicles rose this week, even as the Dollar rallied.

The tech sector dominated after strong earnings out of AI semiconductor maker Nvidia. In addition, the US Department of Justice accused Google of having a monopoly in search and called for its break-up through the sale of its Chrome browser.

US Weekly jobless claims reached a 7-month low, dropping to 213,000. However, continuing claims rose to a 3-year-high, raising questions about the overall health of the job market.

Geopolitical tensions, particularly between Russia and Ukraine, continue to pose risks to markets. US clearance for Ukraine to launch US missiles into Russia led to new missile tests in Russia this week, causing investors to seek safe havens like gold, which continues to trade near all-time highs.

Finally, with Thanksgiving coming the holiday window-dressing season is upon us. Portfolio managers tend to acquire the things that have worked in the previous 12 months at year-end in order to display them in their annual reports. US equities and gold are the top performers this year with 52-week gains of over 30% each. That extraordinary performance may limit gains from here, but the die would seem to have been cast. US stock, gold and bitcoin investors can expect a very merry Christmas.