

Short Week, Solid Gains

The major indices closed higher across the board on this holiday-shortened week.



Markets were closed on Thursday for Thanksgiving and closed early on Friday (1:00 p.m. ET for the NYSE and 2:00 p.m. ET for the Treasury market).

The S&P 500, Dow Jones Industrial Average, Nasdaq Composite, and Russell 2000 all closed more than 1.0% higher compared to last week.

Lower Treasury yields, which followed the news of Scott Bessent being nominated for Treasury Secretary, were a breath of fresh air for a stock market contending with stretched valuations.

Mr. Trump's pick to lead the Department of the Treasury is perceived as "market-friendly" due to his background as a hedge fund manager. According to The Wall Street Journal, Bessent has expressed his priority to advance the

Trump administration tax-cut proposals.

The bond market rallied due to optimism that Mr. Bessent, while focusing on tax cuts, will also focus on reducing the national debt, cutting the budget deficit to 3% of GDP, and advocating for a more gradual approach to tariffs in order to prevent runaway inflation.

The 10-yr note yield, which flirted with 4.50% last week, dipped below 4.20% on Friday. The 2-yr note yield also dipped below 4.20% after pushing 4.40% last week.

Market participants brushed off fears about potential reaccelerating inflation that stemmed from President-elect Trump's announcement that he plans to impose tariffs—an additional 10% on imports from China and 25% on goods from Mexico and Canada—on his first day in office, contingent upon halting migrant flows and the trafficking of fentanyl into the U.S.

Also, PCE price inflation that was a bit sticky in October above the Fed's 2.0% target and real disposable personal income increased 0.4%. Other data included weekly initial jobless claims that were encouraging with a low reading of just 213,000, and pending home sales jumped 2.0% in October.

There was also a sharp 17.3% month-over-month decline in new home sales for October and a notable drop in the November Consumer Confidence Report, which showed a 12-month inflation expectations reading of 4.9% — the lowest since March 2020 (though still elevated, it signals a trend in the right direction).

- Nasdaq Composite: +1.1% for the week / +28.0% YTD
- S&P 500: +1.1% for the week / +26.5% YTD
- S&P Midcap 400: +0.7% for the week / +21.0% YTD
- Russell 2000: +1.2% for the week / +20.1% YTD
- Dow Jones Industrial Average: +1.4% for the week / +19.2% YTD

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