



November 15, 2024 Web Comments

	WEEKLY CLOSE	% CHANGE YTD
DOW JONES IND	43,444.99	15.27%
S&P 500	5,870.62	23.08%
NASDAQ	18,680.12	24.44%

The US Economy

According to the Bureau of Labor Statistics' report on Wednesday, the so-called consumer price index, which excludes food and energy costs, increased 0.3% for a third month, and over the last three months it rose at a 3.6% annualized rate, marking the fastest pace since April.

These numbers underscore the slow and frustrating nature of the battle against inflation, which often moves sideways, sometimes for months at a time.

Is it time for the Equity Markets to Pause?

The S&P 500 Index reached an all-time high on 11/11.

Investors' exposure to US stocks is now at the highest level since 2013, based on optimism that stronger economic growth is on the horizon.

A Bank of America survey canvassing fund managers who were collectively managing \$503 billion in assets, found 23% of those investors now expect stronger global growth in the next year, compared with only 10% projecting a weaker economy. The proportion of fund managers overweight US stocks among the respondents has now nearly tripled to 29%.

Fund managers in the survey also projected that US stocks will be the best performing asset class next year with small-cap stocks just beginning to outperform.

In the near term we remain on watch for any substantial pause or pull-back in the equity markets due to profit taking.

In our experience, a correction here would be normal and should not be a signal that the rally is finished or that upward momentum is exhausted. Historically, when stock market trends have been established, they are difficult to change. When markets develop momentum, it's dangerous to get in their way.

The two most simple valuation metrics for the S&P 500 Index are the ratio to sales and the ratio to book value. Looking at the Bloomberg Charts, on the former, the current market is very close to the record set in the post-Covid boom in 2021. On the latter, it's almost taken out the all-time high from the dot-com bubble in 2000.

With the above having been said it is true that asset prices can indeed be so fickle as to make quick accurate decisions difficult and risky following such a historical rally. It is comforting to note, however, that the equity markets seem to continue to signal expectations of higher growth, lower volatility and inflation, and a revitalized economy for all Americans.

Have a nice weekend.

Joseph Robillard
CEO

Robert W. Nichols Ph.D.
Founder

Donald R Bessler, CPA
Chief Investment Officer

Disclaimer:

The above "Weekly Commentary" is for the sole use of Windward Capital Management Company (Windward) and its customer base. Any redistribution of the Weekly Commentary without the expressed written consent by Windward management is forbidden. The information contained in the Weekly Commentary should not be construed as specific recommendations for the purchase of any security or investment strategy. Any such reliance by an individual or entity on the information contained in the Weekly Commentary is done at the individuals or entities own risk and is not authorized by Windward.

Certain information contained herein has been obtained from third party sources and such information has not been independently verified by Windward Capital Management. No representation, warranty, or undertaking, expressed or implied, is given to the accuracy or completeness of such information by Windward Capital Management or any other person. While such sources are believed to be reliable, Windward Capital Management does not assume any responsibility for the accuracy or completeness of such information.

Additionally, certain information contained herein may be used for illustrative purposes only and actual results may vary substantially.

Windward Capital Management does not undertake any obligation to update the information contained herein as of any future date.

Risk of investing: *All investing involves risks, including possible loss of principal. There is no guarantee that the investment objectives of any fund, strategy, etc. will be met. Risk controls or management do not promise any level of performance or a guarantee against loss of principal. For more information on the investment objective, potential risks, etc., please contact us at (310) 893-3000.*

Forward-looking statements: *Certain information contained herein constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue," or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events, results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Nothing contained herein may be relied upon as a guarantee, promise, assurance or a representation as to the future.*