

## Last Week at a Glance

Global equities and bonds declined last week as a sharp rise in US Treasury yields pressured performance. Markets reassessed the outlook for Federal Reserve policy after data showed that US inflation largely held steady in November. Global growth stocks buoyed the broader market, while rate-sensitive sectors lagged.

- Headline US inflation picked up to 2.7% YOY in November, while core inflation was unchanged at 3.3% YOY. Although certain measures of shelter inflation eased to their lowest rates since 2021, core goods prices picked up. The report was largely in-line with expectations, cementing the odds that the Fed will cut rates by 25 bps at their upcoming policy meeting.
- Still, markets dialed back the outlook for future rate cuts to just one additional reduction by mid-2025, as other data showed that producer price inflation accelerated. Ten-year US Treasury yields climbed 25 bps, closing the week at 4.40%.
- Other global central banks cut policy rates, including the European Central Bank (25 bps), Swiss National Bank (50 bps), and Bank of Canada (50 bps). Markets expect additional cuts ahead given mounting uncertainty in the growth outlook.
- China's Central Economic Work Conference pledged additional fiscal and monetary easing to support the economy, but investors were underwhelmed by a lack of specific policy detail. Weaker inflation (0.2% YOY) and import data (-3.9% YOY) for November underpinned soft domestic demand.
- Japanese equities gained as the yen weakened 2.5% versus the US dollar. Investors shifted their expected timing for the next Bank of Japan rate hike, favoring January over December. A survey of manufacturing sentiment topped expectations.

### MARKET PERFORMANCE

As of December 15, 2024 • Local Currency • Percent (%)

Equities	Last Week	This Month	This Year
Global	-0.6	0.8	23.2
Developed Markets	-0.7	0.6	24.1
United States	-0.7	0.4	28.4
Euro Area	-0.3	2.7	10.9
United Kingdom	-0.1	0.1	11.0
Japan	0.7	2.7	18.9
Emerging Markets	0.4	3.1	15.2
<b>Fixed Income</b>			
US Aggregate	-1.4	-0.9	2.0
US Treasuries	-1.3	-1.0	1.2
US Corporate IG	-1.4	-0.9	3.2
US Corporate HY	-0.2	0.2	8.9
<b>Real Assets</b>			
Global Equity REITs	-2.2	-4.6	6.9
Global Natural Resources	-0.9	-3.1	1.4
Gold Bullion	1.0	0.1	28.9
<b>Currencies</b>			
EUR/USD	-0.7	-0.7	-5.0
GBP/USD	-1.0	-0.8	-1.1
USD/JPY	2.5	2.3	9.0