

12/30/2024

The Week Ahead



THINGS TO WATCH

Tesla's (TSLA) 4Q Deliveries

Later this week, Tesla is expected to announce it delivered approximately 510,000 vehicles in the quarter and 1.81 million for the full year. This would match its deliveries in 2023 and represent a significant slowdown following 38% growth from 2022 to 2023. A narrow beat or miss on quarterly volumes seems unlikely to have a meaningful impact on TSLA shares beyond a few days. This is because sentiment around the stock has mostly been driven in recent months by investors' expectations for the company's unsupervised full self-driving launch in 2025. The influence CEO Elon Musk could have on the incoming Trump administration's regulatory approach to autonomous driving has also boosted the stock recently.

U.S. Manufacturing New Orders

On Friday morning, we will see if the new orders component of the December ISM U.S. manufacturing Purchasing Managers' Index (PMI) hints at a post-election boost in expectations for factory activity in coming months. The November survey's gauge of new orders climbed 3.3 points to an 8-month high of 50.4, suggesting a turn in sentiment might be taking shape. Expectations of lower energy costs and increased demand for domestically-produced goods due to the policy priorities of the incoming Trump administration could set the stage for a rebound in factory activity after a two-year slump.

Long-Term Bond Yields

The yield on the 30-year U.S. Treasury bond finished last week at its highest level (4.82%) since April 25 as bond market participants recalibrated expectations for inflation, growth, Fed policy, and the federal deficit heading into 2025. The sharp increase in the yield on the 30-year maturity from 3.95% in mid-September has put upward pressure on mortgage rates and longer-term financing costs more broadly. Over the last three months, shares of homebuilders and building products companies most closely tied to the home construction market have been among the worst performers in the S&P 500.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
Building Permits (Millions Annualized)	1.49	1.47	▲
New Home Sales (Thousands Annualized)	664	691	▼
Conf. Board Consumer Confidence	104.7	99.2	▲
Durable Goods Orders (M/M)	-1.1%	-0.9%	▲
Continuing Jobless Claims (Thousands)	1,910	1,827	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	42992.21	0.35%	16.20%	16.30%
NASDAQ	19722.03	0.78%	32.35%	31.59%
S&P 500	5970.84	0.70%	26.89%	26.60%
MSCI EAFE	2253.05	1.36%	4.21%	4.04%
BB U.S. Aggregate	2186.77	-0.34%	1.03%	0.61%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	4.28%	4.49%	5.39%
10-Year Treasury	4.63%	4.26%	3.79%

REPORTS DUE THIS WEEK	LATEST
S&P CoreLogic CS 20-City U.S. HPI (Y/Y)	4.6%
Continuing Jobless Claims (Thousands)	1,874
ISM Manufacturing PMI	48.4

Total returns are as of 12/27/24. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

10.43%

The price performance gap thus far in December between the mega cap technology-driven Nasdaq Index (+2.62%) and the small cap Russell 2000 Index (-7.81%). The month-to-date outperformance of the Nasdaq unwound five months of strong relative gains for the Russell 2000 from July through November, a period in which the small cap index outpaced its growth-oriented counterpart by 10.5%. As was the case this spring, a sharp backup in Treasury yields during December has pressured small cap stocks.

\$119 billion

According to data aggregated by Bloomberg Intelligence, US-based cryptocurrency ETFs held \$119 billion of assets as of the final week of December, up from just \$28 billion in January. The approval of spot Bitcoin ETFs earlier this year drove the explosive growth in exchange-traded vehicles that provide exposure to spot cryptocurrency prices. According to Bloomberg, total assets in precious metal ETFs (gold, silver, platinum, palladium) were \$143 billion, up from \$111 billion in January.

This publication was prepared by MainStreet Investment Advisors, LLC ("MainStreet Advisors"), an investment adviser registered with the SEC. Registration as an investment adviser does not imply any level of skill or training. Information and opinions herein are as of the publication date and are subject to change without notice based on market and other conditions. The week is calculated beginning with Monday's market open. The specific securities identified are shown for illustrative purposes only and should not be considered a recommendation by MainStreet Advisors. Index and sector statistics are unmanaged and a common measure of performance of their respective asset classes. Indexes are not available for direct investment. Any graph, data, or information is considered reliably sourced and for educational purposes only. Any suggestion of cause and effect or of the predictability of economic or investment cycles is unintentional. This Financial Market Update may contain forward-looking statements and/or candid statements and observations regarding investment strategies, asset allocation, individual securities, and economic and market conditions; however, there is no guarantee that the statements, opinions, or forecasts will prove to be correct. The material included herein was prepared or is distributed solely for information purposes; is not a solicitation or an offer to buy/sell any security or instrument, to participate in any trading strategy or to offer advisory services by MainStreet Advisors; is not intended to be used as a general guide to investing or as a source of any specific investment recommendations; makes no implied or express recommendations concerning the manner in which any client's account should or would be handled; and should not be relied on for accounting, tax or legal advice. There are risks involved with investing including possible loss of principal and the value of investments and the income derived from them can fluctuate. Investing for short periods may make losses more likely. Past performance is not indicative of future results, which may vary. Investors are urged to consult with their financial advisors before buying or selling any securities.