WEST SHORE BANK

WEEKLY RECAP - December 2, 2024

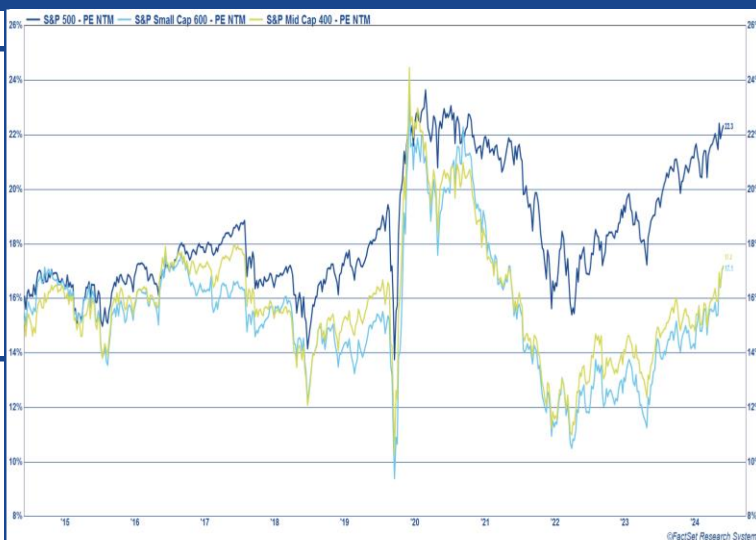
Economic & Market Commentary

U.S. stock markets posted strong gains in the November with small-caps rising a whopping +11.0%. The S&P 500 rose +5.9% marking the ninth rise in the last eleven months. The S&P 500 is up +28.1% for the year and on track to post consecutive annual gains of least 20% for the first time since the mid-1990s. The big tailwind for equities in November was the quick and clear/decisive election outcome removing the election outcome overhang and bringing some degree of clarity on the policy front. In addition, the GOP sweep opened the door for a corporate tax cut that could boost S&P 500 earnings growth. Speaking of earnings growth, expectations for low double-digit earnings growth in Q4, which would mark the best performance in three years, held steady. Additionally, the Street is also looking for earnings momentum in 2025 with all four quarters expected to see double-digit growth with 2025 consensus estimate of 15.2%. Earnings growth is essential to sustain and grow market valuations. Valuations right now are stretched in the large-cap space with the S&P 500 trading at 22.3x forward earnings versus the historical average of 16.7x. Mid-cap and small-cap stocks are more fairly valued trading a point or two above their historical average. After posting declines with the bond yield backup in October, bonds posted moderate gains in November as yields were flat to slightly down. Even though bond yields didn't change much during the month, there was volatility. Some of this was a function of continued stronger than expected economic data but also due to Trump's proposed tariff policies. After the election, yields rose sharply but trended lower the rest of the month. This brought more talk about a higher term premium and neutral rate. Fed Chair Powell and other officials left the door open for a December pause. Presently, the probability of a 0.25% rate cut on December 18th is 65.4%, down from 82.7% one month ago.

Index Total Returns - November 29, 2024

	1-Wk	YTD	1-Yr
NASDAQ	1.14	28.86	36.05
S&P 500	1.08	28.07	33.89
S&P 400	0.76	22.67	33.36
Russell 2000	1.19	21.58	36.43
Dow Jones	1.44	21.21	27.19
MSCI-Emerging	-0.79	7.65	11.86
MSCI-Developed	1.84	6.24	11.88
Barclay's U.S. Bond Index			
High Yield	0.44	8.66	12.71
Int. Gov. Credit	0.86	3.64	6.05
Aggregate	1.39	2.93	6.88
Municipal	0.84	2.55	4.93
5-year Muni	0.34	1.92	3.48

S&P Index - Forward Valuations



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.28	4.40	5.13
U.S. 2-Yr	4.15	4.38	4.66
U.S. 3-Yr	4.09	4.32	4.41
U.S. 5-Yr	4.06	4.31	4.23
U.S. 10-Yr	4.17	4.42	4.27
U.S. 30-Yr	4.36	4.60	4.44

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.30	3.41	3.37
U.S. AA	3.32	3.44	3.44
U.S. A	3.69	3.81	3.97
U.S. Baa	4.15	4.26	4.55
U.S. Municipal	3.45	3.56	3.61
Michigan	3.62	3.73	3.77

S&P 500 Sector Total Returns - November 29, 2024

Sector	1-Wk	YTD	1-Yr
Financials	1.11	38.06	45.51
Comm. Services	1.93	35.38	41.89
Info Tech	0.25	35.05	40.22
Utilities	1.75	34.07	36.64
Industrials	0.90	27.61	36.56
Con. Discretion	2.36	27.10	34.86
Consumer Staples	1.58	20.89	24.11
Energy	-2.00	16.79	16.76
Real Estate	1.97	15.12	25.14
Materials	0.76	11.96	17.06
Health Care	2.15	9.37	14.08

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	22.34	18.42	1.18
S&P 400 - Mid Cap	17.18	15.90	1.27
S&P 600 - Small Cap	17.14	15.51	1.46

Sources: FactSet