



# Cornerstone

ASSET MANAGEMENT GROUP, LLC

Economic Indicators | December 2024 | By Kim W. Suchy & Brett E. Suchy

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With Trump and the Republicans securing a sweep on Election Day, expectations for a pro-growth economic agenda are rising. Central to this is Scott Bessent, Trump's nominee for Treasury Secretary, whose appointment has already calmed bond markets. The 10-year Treasury yield fell from 4.42% last week to 4.28% at the time of this writing, signaling a vote of confidence from investors.

Bessent has endorsed an ambitious vision for Trump's 2nd term, aiming to engineer what he calls "the greatest 4 years in American history." Bessent's plan emphasizes fiscal and regulatory policies designed to spur real GDP growth to 3.5%-4.0% annually. This target aligns with prior productivity booms, supported by advancements in technology, deregulation, and targeted tax cuts.

The administration's immediate goals include making Trump's 1st-term tax cuts permanent, while introducing new measures like eliminating taxes on tips, overtime pay, and Social Security benefits. The rationale is clear: reduce tax burdens to stimulate consumer spending and business investment, thus generating higher tax revenues to address the federal deficit. Supply Side Economics 101!

Under Trump 2.0, fiscal policy is likely to remain stimulative, with government spending and deficits continuing to support economic resilience. Federal outlays, already elevated due to defense spending and rising interest costs, will likely grow further. However, targeted cuts to discretionary programs, including components of the Inflation Reduction Act and the Musk Dept. of Government Efficiency, could offset some spending increases.

Crucially, nondiscretionary expenditures like Social Security, Medicare, and net interest payments, which comprise 85% of total outlays, will not decline. This raises the question of whether deficit-financed spending can sustain its stimulative impact without triggering inflation or a rise in interest rates.



Trade policy under Trump 2.0 will remain a wildcard. Higher tariffs could pressure global trade relationships, perhaps even economic retaliation. However, domestic industries could benefit from reshoring initiatives and reduced regulatory burdens. Trump's emphasis on deregulation aims to lower business costs, driving productivity gains across sectors. The markets have already reacted positively to the resignation of SEC Chair, Gensler, who has had high ambitions for regulation.

Energy policies will likely focus on boosting oil and gas production to maintain stable prices, aiding inflation control, consumer confidence and national security. Deportation and other immigration measures may tighten the labor market, creating potential inflationary pressures unless offset by productivity growth.

Bessent's strategy centers on fostering a productivity boom capable of sustaining robust GDP growth while keeping inflation in line with Fed Policy. Pro-growth initiatives, i.e. cutting corporate taxes and reducing government headcount, aim to unleash private-sector efficiency. However, opponents suggest that deficit expansion, combined with geopolitical uncertainties, could undermine long-term stability.

Trump 2.0 faces significant challenges but holds considerable potential. If productivity gains materialize and fiscal policies are prudently managed, the U.S. could enter a new period of economic growth.

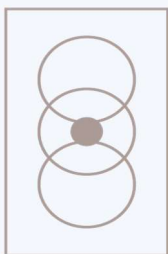
Here is your look at developments in the global marketplace.





## POSITIVE DEVELOPMENTS

- The consumer continues to spend. Retail sales came in above expectations in October. Total retail sales rose 0.4% last month while September sales rose a revised 0.8%, double the preliminary estimate of 0.4%. This bodes well for the upcoming GDP estimates.
- The personal savings rate is rising and has muted fears that the consumer would soon tap out. The savings rate has historically given us an indication of the degree of consumption. However, today, households tend to dissave when their net worth is increasing i.e. rising home and stock prices. It's possible that we could see the savings rate turned negative by 2026. That's because, according to Yardeni Economics, Baby Boomers—who collectively own \$80T of US households' \$154T of net worth—are enjoying their retirement years and spending, many without any wage income.
- Consumer sentiment is turning favorable moving higher for the 4<sup>th</sup> straight mo.. Consumer sentiment climbed from 66.4 in July to a 7 -mo. high of 71.8 in November. Consumers' perception of their expected financial situation also rose to a 7-mo. High this past month.
- The November Purchasing Managers Index reported that output growth is accelerating, and inflation is cooling. The prospect of greater protectionism and tariffs has boosted confidence in the goods producing sector, which is already stimulating higher factory employment, according to the report.
- Trump's Treasury pick is Scott Bessent. He is slated to focus on deregulation, increased energy production and a lower federal deficit. Further, he is widely respected as one of the world's foremost international investors and geopolitical and economic strategists (a good combination).

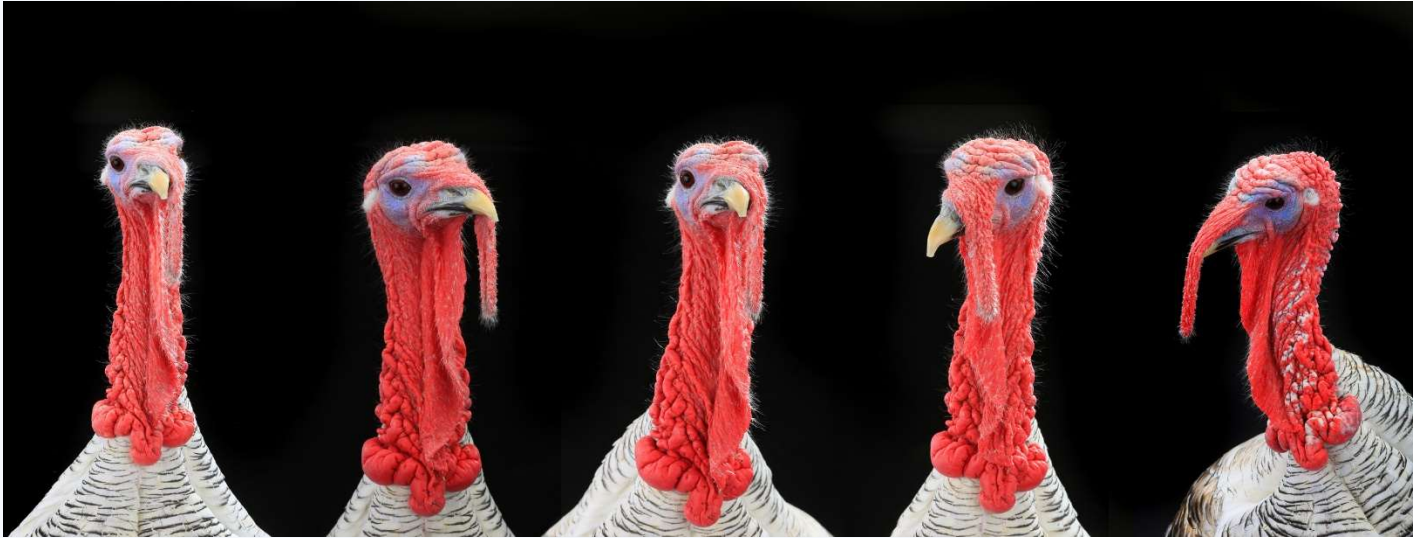


## NEUTRAL DEVELOPMENTS

- Historically, a stronger USD has weighed on the performance of non-U.S. stocks, while a weaker USD has supported their relative performance. The USD has been strong for the last few years. The last time international stocks outperformed, was in 2017 when the USD slid into 2018. The new administration may lean towards weakening the USD which would strengthen exports and give a boost to GDP.
- The American Farm Bureau Federation estimated that a traditional Thanksgiving meal for 10 people cost an average of \$58.08 this year, down nearly 5% from \$61.17 in 2023. The yoy decline was largely driven by prices for turkey, which accounted for 44.2% of the meal's total cost this year. The price of a 16-pound turkey declined by 6% yoy to \$25.67 in 2024. For comparative purposes, the same Thanksgiving meal for ten people cost an average of \$48.91 in 2019.



- There were 478 active crude oil rigs in the U.S. on 11/15/24, down from 500 a year ago, according to Baker Hughes. A total of 101 rigs were designated for natural gas as of the same date, compared to 114 a year ago. The price of WTI crude oil stood at \$67.02/bbl on 11/15/24, down 12.58% yoy, according to Bloomberg. The price of natural gas stood at \$2.82 /mm BTUs as of the same date, down 11.50% yoy.
- The current bond market reflects a robust economy, perhaps one on the brink of catching too much steam courtesy of the 75bps of federal funds rate cuts since September 18. Stronger-than-expected economic growth has been the main driver of both short-term and long-term bond yields.



## NEGATIVE DEVELOPMENTS

- Industrial production fell for the 2nd straight mo. in October, as hurricanes and a Boeing strike depressed output. Headline production fell 0.3% in October, following a downwardly revised 0.5% decline in September. The Fed estimates that the Boeing strike depressed output by 0.3% in September and 0.2% in October, while the effects of Hurricane Milton and the effects of Hurricane Helene subtracted an additional 0.1% in October.
- Import prices rose unexpectedly in October, boosted by higher fuel costs. Import prices climbed 0.3% last mo., the largest mo. increase since April's 0.9% gain, following declines of 0.4% in September and 0.3% in August. The yearly rate had jumped from -2.4% last December to a recent high of 1.7% this July before slipping below zero, to -0.1% in Sept. It moved above zero in October at 0.8%. Rising import prices hurt U.S. GDP but the rising import prices should be offset by U.S. retail sales/consumption.
- The Commerce Dept. reports that single-family homebuilding tumbled in October likely as Hurricanes Helene and Milton depressed activity in the South while permits rose slightly, indicating that an anticipated rebound probably would be muted by higher mortgage rates. In addition, building permits, a proxy for future construction, is down .6% in Oct. and down 7.7% yoy.



## THE MARKETS

Stocks were higher as Wall Street closed the best month of the year. The Dow was up roughly 7% in November while small caps registered an energizing 8.9%. The SP500 was up nearly 4%, boosted by Tesla and other stocks that received some optimism that a 2nd Trump administration will adopt a more business-friendly approach, with expectations that the president-elect may take a more moderate stance on trade tariffs.

Asian and Indian markets were modestly high last month while Europe was virtually flat.

Bond yields fell last month with the 10yr. falling from 4.4% on election day to close the month at 4.2%. The prospects of lower inflation helped give bonds a boost.



| U.S Index    | Last Month (% return) | YTD (%) |
|--------------|-----------------------|---------|
| S&P 500      | 3.9                   | 26.7    |
| Dow Jones    | 6.9                   | 19.5    |
| NASDAQ Comp  | 2.7                   | 19.5    |
| Russell 2000 | 8.9                   | 19.9    |

Source: <https://tradingeconomics.com/stocks>



# Year End Table Talk

By: Brett Suchy

The Holiday's and New Year give us ample time with friends and family. Perhaps too much, or too little. It may just depend on the year, the weather, or current tiffs. In any case, as we feast, drink and laugh together at year end, I thought I'd provide a little 2024 ammo for you relay around the dinner table, couch, gym, airplane, etc. As we know, particularly in family & 'well-stocked' settings, there's only so much small talk before someone drops a controversial opinion or plays on the latest family drama. So, whether you want to impress, diffuse, or redirect convos to safer shores, consider this a gift to keep the spirits intact. Obviously, when you're armed with a few fun facts, lighthearted stories and some wit, you should be able to raise the energy and spark a few warm smiles.

## 1. Elmo Goes Viral

In late January, Elmo, our beloved red Sesame Street puppet who is reportedly 3 years old, dropped a quick line on X that created quite a flurry, "Elmo is just checking in. How is everybody doing?" Turns out the post went viral quickly as people flooded the page with candid emotional responses, racking up over 200 million views on X alone. From Elmo's followers to young adults, seniors and celebrities, many chimed in with ranging responses; however, there was a common theme surfacing that people were near their breaking point, thus, putting a spotlight on the mental health crisis facing America. President Biden chimed in on the subject on X days following the Elmo post, "I know how hard it is some days to sweep the clouds away and get to sunnier days. Our friend Elmo is right: We have to be there for each other, offer our help to a neighbor in need, and above all else, ask for help when we need it. Even though it's hard, you're never alone."

Elmo's simple heartfelt question serves as a powerful reminder that we need to check in with one another every now and then. It's not just about having someone to talk to, but also there is significant value in being conscious of other people's wellbeing. Every person and family have their struggles, some wildly different from one another, but there's no need to struggle together in silence. Perhaps this is a broader call to action to practice kindness, empathy and re-invigorate connections. As in the case of Elmo, one small gesture can make a giant splash. By the way: How are you doing today?!



[X Post - Elmo](#)

[X Post - President Biden](#)

[ABC - Elmo Story](#)



## 2. Wally Now in the Wild

In April, WallyGator, a 6-foot alligator that earned emotional support status for his atypical friendly and affectionate demeanor, went missing in Georgia after a licensed trapper responded to a nuisance call and released him into the wild. Wally, 8 years old, who was adopted in 2015 by Joie Henney, became a global sensation, traveling with Joie to schools, senior centers, and public parks. Known for giving hugs and his calm, unflappable nature, Wally frequently visited people coping with anxiety and depression. Most notably, Wally's popularity soared after being denied entry into a Philadelphia Phillies game in 2022, a moment that sparked viral memes and new dedicated fans.

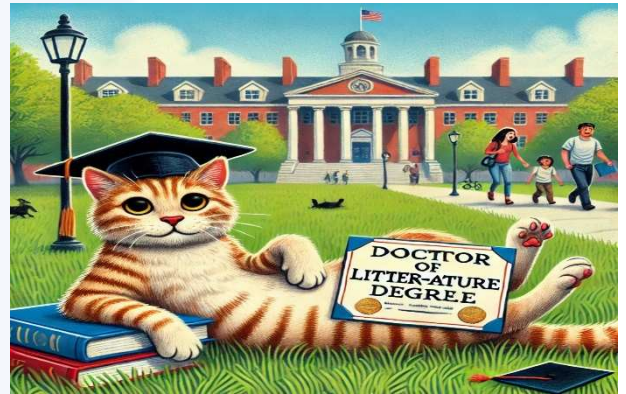


As of now, Wally's whereabouts remain unknown; however, the people whose lives that Wally touched are committed to finding him. Communities have rallied together, sharing memories of Wally's gentle presence and ability to auto-generate smiles wherever he'd move. Pray Wally returns home – the world can always use a unique brand of love and healing...

[USA Today - WallyGator Goes Missing](#)

## 3. Cat Receives 'Doctor of Litter-ature' Degree

What could be considered a "purr-fect" example of higher ed degree expansion, Vermont State University's Castleton campus awarded an honorary doctorate of "litter-ature" to Max, a local cat who most likely majored in charm...it's uncertain, but likely. So, let's forget about Nobel Prizes for a moment, and honor Max, who boasts 0 academic credits with unmatched campus street cred. So, what are his qualifications? Four years of crashing campus tours, taking selfies with students, and attending the occasional party or movie night. Quite possibly, but not hopefully, Max could be setting a new standard for honorary degrees 😊



Max's owner, Ashley Dow, said Max took it upon himself to join campus life, proving that cats do what they want, when they want, and somehow get applauded for it. Let's face it, cats are nature's freeloaders. Oftentimes, they just walk into your life...uninvited, take over your favorite chair, and suddenly, you're thanking them for the privilege. Max seems to be no exception. The human equivalent of the guy that shows up to the party with no supplies yet becomes the life of the party.

Equipped with no resume, extracurriculars, or letters of recommendation, but simply, irresistible charisma and a knack for looking like he has somewhere to be (he doesn't), Max is living proof cats are the ultimate cons. They take over your home, your heart, and apparently, now, institutions of higher learning!

[AP News - Max the Cat Receives Degree](#)



## NEWS YOU CAN USE

Certainly, inflation has been nasty, but let's talk art, duct tape and bananas. Typically, you would be able to buy a banana for less than a buck at any supermarket. But, if you were shopping at Sotheby's in New York this week, you would have been looking at spending \$6.4M at auction for a banana...duct-taped to a wall. The artist Maurizio Cattelan came up with the banana creation in 2019 and titled it the "Comedian". After the art sold in 2019 for \$120K, it became an internet sensation. The art is that simple, a banana duct-taped to a wall; but certainly, elicits critical thought and wit, re-defining art and artistic value. The original banana and duct tape from 2019 is long gone and are routinely replaced when exhibited.

<https://www.cbsnews.com/newyork/news/comedian-banana-duct-taped-to-wall-sothebys-auction/>

Well, New Year fireworks just keep getting better and better each year. This week, the Macon-Bibb County Commission approved a plan to implode a vacant 16-story hotel at midnight on New Year's Eve. The county forked over \$4.5M to buy the hotel out of bankruptcy and has hired a demo company to blow it up for \$2.6M. Macon, GA Mayor Lester put it in simple terms to WMAZ-TV, "We acquired this property to blow it up." The hotel opened in 1970, but never was a financial success and has stood vacant since 2017. The mayor did not yet indicate what the land will be used for, but hinted at a larger developed riverfront.

['We acquired this property to blow it up' — and other mind-blowing quotes of the week](#)

The California Insurance Departments "Operation Bear Claw" might be ending soon. After months of investigation around a series of bear attacks on luxury vehicles, four men have been arrested for defrauding insurance companies of \$142K. The group sent 3 separate insurance claims for bear car damage, alongside a video of a man in a bear costume rummaging around the back seat of a Rolls-Royce and two different Mercedes Benz. Apparently, the video wasn't very convincing. But, to make sure, the California Department of Fish and Wildlife provided their expert commentary on the video, concluding it was "clearly a human in a bear suit".

<https://apnews.com/article/bear-costume-insurance-fraud-vehicles-california-791f330b81d0ef627caf1b00a6daf69f>

As always, if we can be of additional guidance, please feel free to call us at 312.485.6847.

Best regards,



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