
***Ropes Wealth Recaps and Reflects On A Resilient Market***

Stock market gains are being pared today on this holiday-shortened week, thanks to some sticky inflation data and following some tough earnings reports and even tougher talk on tariffs from the president-elect. Shares of the large technology and communication services companies led the decline, while U.S. companies exposed to international trading faced pressure. Energy also slipped as crude oil prices sagged on news of a welcome ceasefire in Lebanon. The bond market seems to have stabilized as yields have reached high enough levels where investors want to buy Treasuries again.

While the Thanksgiving holiday is upon us, it was hardly a low-key week in terms of news flow. Coming just after investors on Monday celebrated the nomination of successful hedge fund manager Scott Bessent for Treasury secretary, president-elect Donald Trump accused Canada and Mexico of facilitating flows of illegal immigrants and fentanyl into the U.S. and declared that he would levy tariffs of 25% on imports of all goods from the two countries upon taking office. He also promised to levy additional tariffs of 10% on Chinese imports, which already face tariffs on an average of around 15%, also over complaints about fentanyl production. It was a stark reminder of the risks to the economy and markets from Trump's fondness for protectionism. It called to mind many episodes during his first term when trade conflicts led to sharp selloffs. Investors, though, are now largely taking a wait-and-see approach to his trade policy, wagering that he won't come close to following through on all his warnings.

Traders are also parsing a written account of the Fed's Nov. 6-7 meeting. The meeting summary showed that Fed officials discussed potentially slowing down or pausing interest rate cuts if progress on lowering inflation stalled out. To wit, today's reading on the Fed's preferred inflation gauge, the personal consumption expenditure (PCE), showed year-over-year growth in inflation of 2.3%, while the core PCE rose 2.8%. Inflation remains sticky, and right at a moment when tariffs are being threatened and anxiety over the inflationary blowback builds.

Other economic data was likewise conflicted, with the Conference Board's consumer confidence index higher while new home sales plunged. Third quarter GDP was confirmed at a 2.8% growth rate, but personal consumption was marked down slightly from 3.7% to 3.5% in a possible sign the consumer is growing fatigued of carrying the economy. Durable goods orders were very poor, falling -0.2% in October and reflecting continued weakness in the manufacturing economy.

Earnings from retailers like Best Buy and Kohl's were terrible. Macy's reported it would delay the release of its earnings after it discovered an employee intentionally hid $154 million of expenses over several years. Overall, tariff worries dogged some semiconductor, energy, retail, industrials, automaker, and materials stocks this week, in a likely premonition of what is to come after inauguration.

As you turn to your ovens and welcome guests to your tables, we thank you for our relationship and send our sincere best wishes to you and your families in this season of gratitude. It was inspiring to see Warren Buffett pass another $1.1 billion of Berkshire Hathaway stock to his family foundations this week, and comment about the importance of planning as he reflected about his mortality and how "father time always wins." He went on to offer some powerful reminders about the importance of getting your affairs in order, including avoiding dynastic wealth accumulation, being grateful for your good fortune, being frugal and investing to compound, telling your kids about your plans for the future, and telling your kids you are proud of them. Well said as always, Warren, well said.

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