

Buffett's Sell-Off Amid Fed Cuts and Market Shifts

November 18, 2024

- Rate Reduction – The Federal Reserve announced a 0.25% rate cut on Thursday, November 7th, bringing the prime rate to 7.75%. The last time the prime rate was at 7.75% was from February 2, 2023 through March 22, 2023 (source: Board of Governors of the Federal Reserve System).
- The Trump Trade – The day following the election win by President Donald Trump, the S&P 500 increased by 2.5% and the Nasdaq climbed by almost 3%. The DJIA also recorded a 3.6% increase, the biggest one-day jump since November 2022. The phenomenon is being coined the “Trump Trade” (source: ABC News).
- Rough Returns – Financials (2.6%), Communication Services (1.8%), and Energy (0.9%) were the only three sectors with positive October 2024 performances. Utilities (-1.1%), Industrial (-1.2%), Technology (-1.6%), Consumer Discretionary (-1.7%), Materials (-3.1%), Real Estate (-3.3%), Consumer Staples (-3.5%), and Health Care (-4.6%) all had negative October 2024 returns (source: Y Charts).
- Minimizing Manufacturing – The ISM Manufacturing PMI fell to 46.5 in October 2024 from 47.2 in September 2024, below the forecasted expectations of 47.6. October 2024’s performance was the lowest since July 2023 (source: Trading Economics).
- Still Selling – Warren Buffet, chairman and CEO of Berkshire Hathaway, sold around 300 million shares of Apple stock in the third quarter, which is worth an estimated \$69.9 billion. Earlier in the year, he offloaded nearly 400 million shares. Berkshire Hathaway is now sitting on \$325 billion in cash (source: Yahoo Finance).
- Flying High – United Airlines Holdings took the top seat for the largest October 2024 price return at 37.2%, exceeding third quarter expectations. This brings the year-to-date gain to 89.68% through the end of October. (source: Y Charts).
- Slow Semiconductors – Qorvo, Inc. a semiconductor company, was October 2024’s biggest loser, with a -31.0% price return. Three other companies in the semiconductor industry made the top ten list for lowest price returns, including Enphase Energy, Inc. at -26.5%, First Solar, Inc. at -22.0%, and Teradyne, Inc. at -20.7% (source: Y Charts).
- A New Woman in the White House – President Trump has appointed Susie Wiles as his chief of staff. Wiles is the first female to hold this role (source: CBS News).
- Welcome Back – Newly elected President Trump becomes the second president to have non-consecutive terms. The first was Grover Cleveland, who served as the 22nd and 24th president (source: USA Today).

- The Grammy GOAT – Beyonce passed Jay-Z in all-time Grammy nominations, receiving the latest nomination for her new album, Cowboy Carter. Beyonce also leads this year's Grammy nominations with 11 (source: BBC).

Definitions and Indexes

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