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Market Week: December 4, 2023



The Markets (as of market close December 1, 2023)

The markets continued to flourish last week. Investors were not deterred by a warning from Federal Reserve Chair Jerome Powell that interest rate hikes may not be over, and it is premature to speculate when rate decreases will begin. The S&P 500 and the Dow reached new 2023 highs, while the Nasdaq posted solid returns as all three indexes extended a run of five straight weekly gains. Despite additional output cuts by OPEC+, crude oil prices continued to lag as demand remained soft. Ten-year Treasury yields closed down nearly 80.0 basis points from a peak in October. Yields fell over 50.0 basis points in November, marking the largest monthly decline since August 2019. The dollar weakened, while gold prices finished the week at a record high.

Stocks edged lower last Monday as investors may have spent more time focused on Cyber Monday deals rather than stock market bargains. Each of the benchmark indexes listed here slipped marginally lower, with the Russell 2000 (-0.3%) falling the furthest, followed by the Global Dow and the S&P 500 (-0.2%), while the Dow (-0.2%) and the Nasdaq (-0.1%) also ticked lower. Long-term bond prices rose, pulling yields on 10-year Treasuries down 8.3 basis points to 4.38%. Crude oil prices dipped 0.7%, settling at around \$75.00 per barrel. The dollar declined 0.2%, while gold prices rose 0.6%.

Last Tuesday saw stocks recoup losses from the prior day, while bond yields continued to decline. Among the benchmark indexes listed here, only the Russell 2000 closed in the red, falling 0.5%. The Global Dow advanced 0.4%, the Nasdaq rose 0.3%, the Dow climbed 0.2%, and the S&P 500 inched up 0.1%. Ten-year Treasury yields settled at 4.33% after falling 5.3 basis points. Crude oil prices rose 2.0% to \$76.37 per barrel. The dollar fell 0.4%, while gold prices gained 1.5%, advancing for the second straight day.

Stocks closed mostly lower last Wednesday. Among the benchmark indexes listed here, only the Russell 2000 (0.6%) advanced, with the Dow and the Global Dow unchanged. The Nasdaq and the S&P 500 dipped 0.1%. Stocks began the day on an upswing as investor hopes for a strengthening economy got a boost by solid third-quarter gross domestic product data (see below). By the close of trading, most of the morning's gains were lost. Bonds continued to rally as yields on 10-year Treasuries lost 6.5 basis points to settle at 4.27%. Crude oil prices advanced for the second straight day, climbing 1.7% to \$77.70 per barrel. The dollar and gold prices advanced.

Wall Street posted solid gains last Thursday to close out a strong November. Among the benchmark indexes listed here, only the Nasdaq ended the session in the red, down 0.2%. The remaining indexes added value, led by the Dow (1.5%), followed by the S&P 500 and the Global Dow (0.4%), while the Russell 2000 edged up 0.3%. Bond prices, which had been surging, slid lower, driving yields higher. Ten-year Treasury yields closed at 4.35% after adding 8.1 basis points. Crude oil prices fell 2.8% to \$75.67 per barrel despite an announced cut in production by OPEC+. The dollar gained 0.7%, while gold prices fell 0.5%.

Stocks closed last Friday on an upswing, closing higher for the fifth straight week. The Russell 2000 enjoyed the best returns after gaining 2.8%, followed by the large caps of the Dow, which added 0.8%, the Global Dow rose 0.7%, while the Nasdaq and the S&P 500 gained 0.6%. Bond prices surged with yields on 10-year Treasuries falling 12.6 basis points to 4.22%. Crude oil prices declined 2.3%, the dollar fell 0.3%, while gold prices rose 1.6%.

Key Dates/Data Releases

12/4: S&P Global Services PMI

12/5: JOLTS

12/6: International trade in goods and services

12/8: Employment situation

Stock Market Indexes

Market/Index	2022 Close	Prior Week	As of 12/1	Weekly Change	YTD Change
DJIA	33,147.25	35,390.15	36,245.50	2.42%	9.35%
Nasdaq	10,466.48	14,250.85	14,305.03	0.38%	36.67%
S&P 500	3,839.50	4,559.34	4,594.63	0.77%	19.67%
Russell 2000	1,761.25	1,807.50	1,862.64	3.05%	5.76%
Global Dow	3,702.71	4,144.28	4,195.74	1.24%	13.32%
Fed. Funds target rate	4.25%-4.50%	5.25%-5.50%	5.25%-5.50%	0 bps	100 bps
10-year Treasuries	3.87%	4.47%	4.22%	-25 bps	35 bps
US Dollar-DXY	103.48	103.40	103.22	-0.17%	-0.25%
Crude Oil-CL=F	\$80.41	\$75.54	\$74.31	-1.63%	-7.59%
Gold-GC=F	\$1,829.70	\$2,003.00	\$2,090.80	4.38%	14.27%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- The economy accelerated at an annualized rate of 5.2% in the third quarter, according to the second estimate of gross domestic product. GDP rose 2.1% in the second quarter. The increase in GDP reflected increases in consumer spending, private inventory investment, exports, state and local government spending, federal government spending, residential fixed investment, and nonresidential fixed investment. Imports, which are a negative in the calculation of GDP, increased. The personal consumption expenditures price index increased 2.8%. Excluding food and energy prices, the PCE price index increased 2.3%. Personal consumption expenditures, a major component in the calculation of GDP, rose 3.6% in the third quarter, compared to a 0.8% increase in the second quarter.
- The personal consumption expenditures price index, the Federal Reserve's preferred measure of inflation, increased less than 0.1% in October. Excluding food and energy, the PCE price index rose 0.2%. For the 12 months ended in October, the PCE price index rose 3.0%, 0.4 percentage point lower than the 12-month period ended in September. The PCE price index excluding, food and energy, increased 3.5% since October 2022, down from 3.7% for the 12 months ended in September. Personal income increased 0.2% in October. Disposable (after-tax) personal income increased 0.3%. Personal consumption expenditures, a measure of consumer spending, increased 0.2% in October.
- Sales of new single-family homes fell by 5.6% in October but were 17.7% above the October 2022 estimate. The median sales price of new houses sold in October 2023 was \$409,300. The average sales price was \$487,000. Inventory of new single-family homes for sale was at a 7.8-month supply at the current sales pace.
- A decline in new orders dragged manufacturing lower in November, according to the latest S&P Global US Manufacturing PMI®. Purchasing managers noted that a drop in new sales led to a slower expansion in production, which led to a reduction in the labor force. The S&P US Manufacturing Purchasing Managers' Index™ registered 49.4 in November, down from 50.0 in October. A reading of less than 50.0 indicates contraction in manufacturing.
- The advance report on international trade in goods showed a trade deficit of \$89.8 billion in October, an increase of 3.4% over the September deficit. Exports of goods for October were \$170.8 billion, a decrease of 1.7% from the previous month. Imports of goods for October were \$260.7 billion, virtually unchanged from the September estimate.
- The national average retail price for regular gasoline was \$3.238 per gallon on November 27, \$0.051 per gallon lower than the prior week's price and \$0.296 less than a year ago. Also, as of November 27, the East Coast price decreased \$0.011 to \$3.155 per gallon; the Midwest price fell \$0.093 to \$3.031 per gallon; the Gulf Coast price declined \$0.076 to \$2.710 per gallon; the Rocky Mountain price dropped \$0.091 to \$3.106 per gallon; and the West Coast price decreased \$0.054 to \$4.363 per gallon.
- For the week ended November 25, there were 218,000 new claims for unemployment insurance, an increase of 7,000 from the previous week's level, which was revised up by 2,000. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended November 18 was 1.3%, an increase of 0.1 percentage point from the previous week's rate. The advance number

of those receiving unemployment insurance benefits during the week ended November 18 was 1,927,000, an increase of 86,000 from the previous week's level, which was revised up by 1,000. This is the highest level for insured unemployment since November 27, 2021, when it was 1,964,000. States and territories with the highest insured unemployment rates for the week ended November 11 were New Jersey (2.2%), California (2.1%), Alaska (2.0%), Hawaii (1.9%), Puerto Rico (1.7%), Washington (1.7%), Massachusetts (1.6%), New York (1.6%), Oregon (1.6%), and Rhode Island (1.6%). The largest increases in initial claims for unemployment insurance for the week ended November 18 were in California (+7,351), Oregon (+3,461), Kentucky (+1,925), Illinois (+1,359), and Iowa (+1,182), while the largest decreases were in Texas (-896), New York (-616), North Carolina (-537), Utah (-487), and Indiana (-447).

Eye on the Week Ahead

Economic data released during the first full week of December focuses on employment. The latest Job Openings and Labor Turnover Survey is for October. The previous report estimated 9.6 million job openings available in September, relatively unchanged from the prior month's total. This week, focus will also be aimed at the latest employment situation report for November. Employment has showed signs of slowing, with an estimate of 150,000 new jobs added in October, well below the downwardly revised September total of 297,000.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates).

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The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.

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