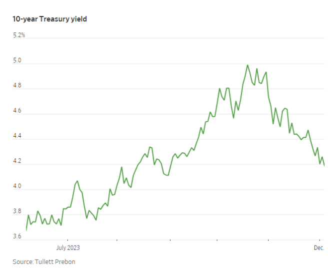
November 2023 Market Update

The Markets in November 2023

November marked a reversal of fortune for the markets in the best sense possible, with U.S. equities posting their best month in more than a year. For the month, the S&P 500 and DJIA indices gained 8.9% and 8.8% respectively while the Nasdaq index soared 10.7%. Further, the yield on the 10-year Treasury Bond fell from 4.875% at the end of October (and more than 5% at one point) to 4.352% at the end of November, driving the price of the average intermediate bond fund up 4.5%.

This surprisingly positive market performance was prompted by the latest Commerce Department data indicating that inflation continued to ease in October and consumer spending has slowed. Additionally, the Fed opted to maintain their interest rate stance but moderated their language a bit, which was interpreted by investors as a signal that rate rises are likely done (and that rate cuts may be on the table in 2024). Santa Claus has come early to Wall Street.



All of this begs the question, though: has this newly resurgent investor enthusiasm gotten ahead of itself? So far in early December, the rally remains intact, but gains have slowed as the market weighs the increasing impacts of high borrowing and financing costs and the possibility of a recession sometime in 2024. Stay tuned!

U.S. markets surged in November but investor enthusiasm may have gotten ahead of itself in the short term.

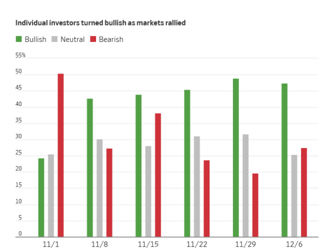
Special points of interest:

- **U.S. equities and bonds posted their best monthly performance this year.**
- **Economic data indicates that inflation continues to ease and consumer spending has slowed.**
- **Bullish sentiment has surged since the beginning of November.**
- **3rd quarter S&P 500 earnings per share look to have risen strongly, and further growth for the 4th quarter is expected.**

Inside this issue:

The Look Ahead

Recession warnings for this year have become a moot point as we enter the last month without any imminent signs of one. For now, momentum seems to be on the side of market bulls. Bullish sentiment has surged since November's beginning as can be seen in the graph here. The article above shows one of the reasons for this—namely, declining interest rates. But our domestic economy has also shown resilience. The Commerce Department recently reported that corporate profits rose 1.1% from a year earlier in the third quarter, compared with the second quarter's 6% decline. Further, with third quarter earnings season almost entirely reported now, earnings per share for S&P 500 companies look to have risen 7.1% from a year earlier, and further growth of over 5% is expected for the fourth quarter. While holiday sales may be muted this year, market enthusiasm is likely to remain high.



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