

# Weekly Market Recap

November 27, 2023

| Index                                       | Price   | Price Returns |       |
|---|---------|---------------|-------|
|   | Close   | Week          | YTD   |
| S&P 500 <sup>®</sup> Index                  | 4,559   | 1.0%          | 18.7% |
| Dow Jones Industrial Average                | 35,390  | 1.3%          | 6.8%  |
| NASDAQ                                      | 14,251  | 0.9%          | 36.2% |
| Russell 2000 <sup>®</sup> Index             | 1,808   | 0.5%          | 2.6%  |
| MSCI EAFE Index                             | 2,101   | 0.0%          | 8.1%  |
| Ten-Year Treasury Yield                     | 4.47%   | 0.0%          | 0.6%  |
| Oil WTI <sup>1</sup> (\$/bbl <sup>2</sup> ) | \$75.81 | -0.3%         | -5.5% |
| Bonds <sup>3</sup>                          | \$95.15 | -0.1%         | 1.2%  |

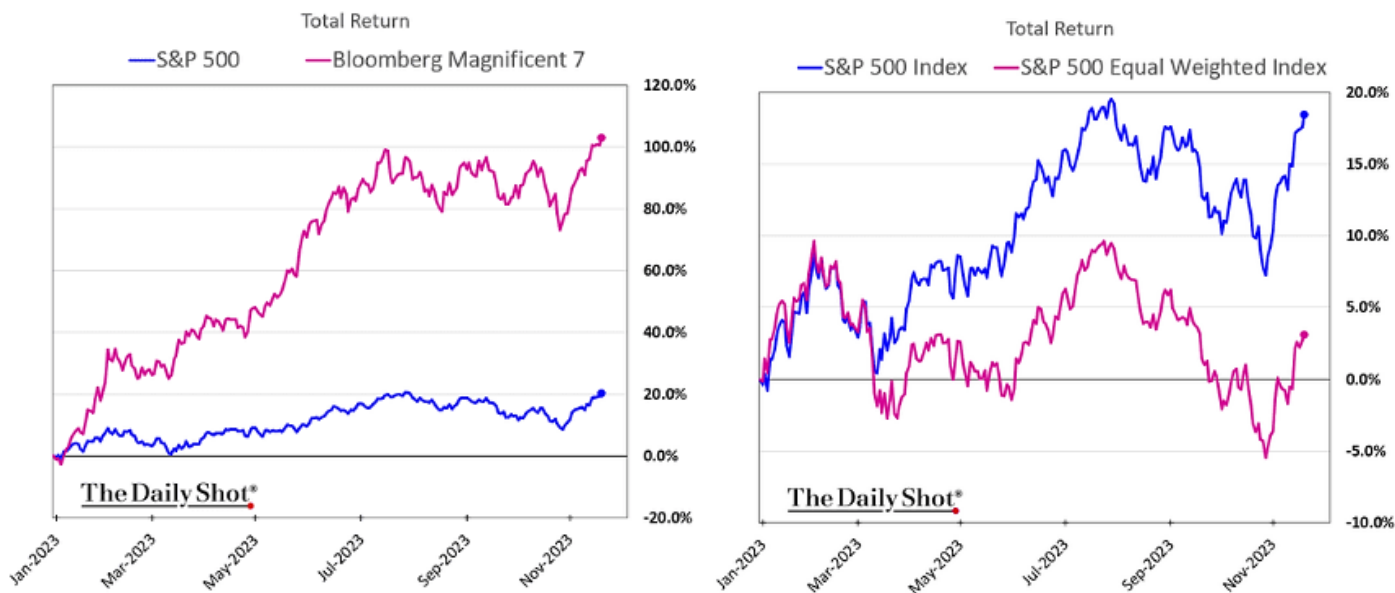
<sup>1</sup>WTI = West Texas Intermediate Oil. <sup>2</sup>bbl = Barrel. <sup>3</sup>Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

## Last Week:

### U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) rose again during the holiday-shortened week as investor sentiment benefitted from the narrative that the Federal Reserve (Fed) is done hiking rates and inflation will continue to decline. There was strong demand for a \$16B auction for 20-year U.S. Treasury bonds, which helped to calm fears that there was a lack of demand for the large amount of upcoming Treasury auctions. The Commerce Department reported that durable goods orders dropped -5.4% in October, which was the second-biggest drop since April 2020. The 10-year U.S. Treasury yield rose only +0.03% to 4.47%.
- S&P 500 Index Sector Returns:
  - Healthcare (+2.2%) and consumer staples (+1.4%) outperformed, as investors favored more-defensive sectors.
  - Communication services (+1.3%) rose, led by traditional media, streaming, and internet search stocks.
  - Financials (+1.0%) rose, led by fintech stocks and banks.
  - Materials (+1.0%) rose, led by precious metals miners, paint, and chemical companies.
  - Consumer discretionary (+0.8%) rose, led by travel stocks, autos, and home improvement retailers.
  - Industrials (+0.8%) rose, led by transports, aerospace and defense stocks, and airlines.
  - Technology (+0.6%) rose, led by software stocks.
  - Utilities (+0.6%) rose.
  - Energy (+0.3%) underperformed, as the price of WTI fell -0.3%.

- Thus far in 2023, the “Magnificent 7” (Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, & Tesla) have driven the returns for the S&P 500 Index. The market cap weighted S&P 500 Index is up nearly 20%, while the S&P 500 Equal Weighted Index is only up ~4% year-to-date.



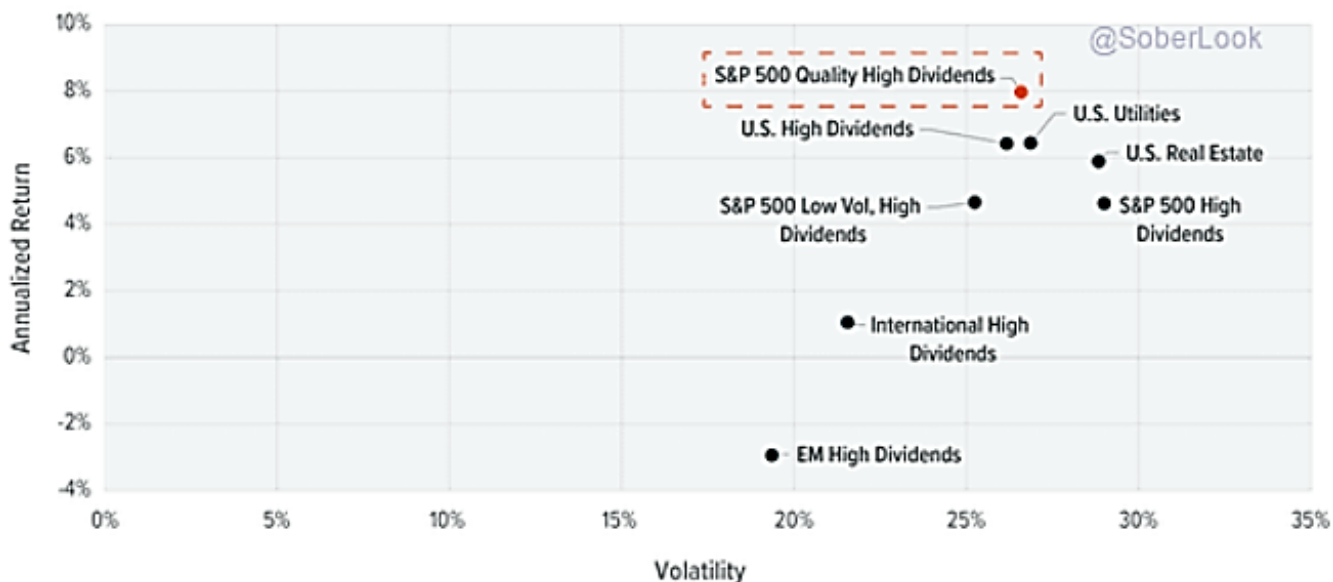
Sources: Bloomberg L.P.; The Daily Shot.

- S&P 500 quality high dividend stocks provided a relatively attractive risk/return profile over the past five years.

### ADDING A QUALITY SCREEN TO A HIGH DIVIDEND STRATEGY MAY IMPROVE TOTAL RETURN

Source: Global X ETFs with data from Morningstar Direct, measured from 4/23/2018 to 09/30/2023. Volatility is being measured by standard deviations.

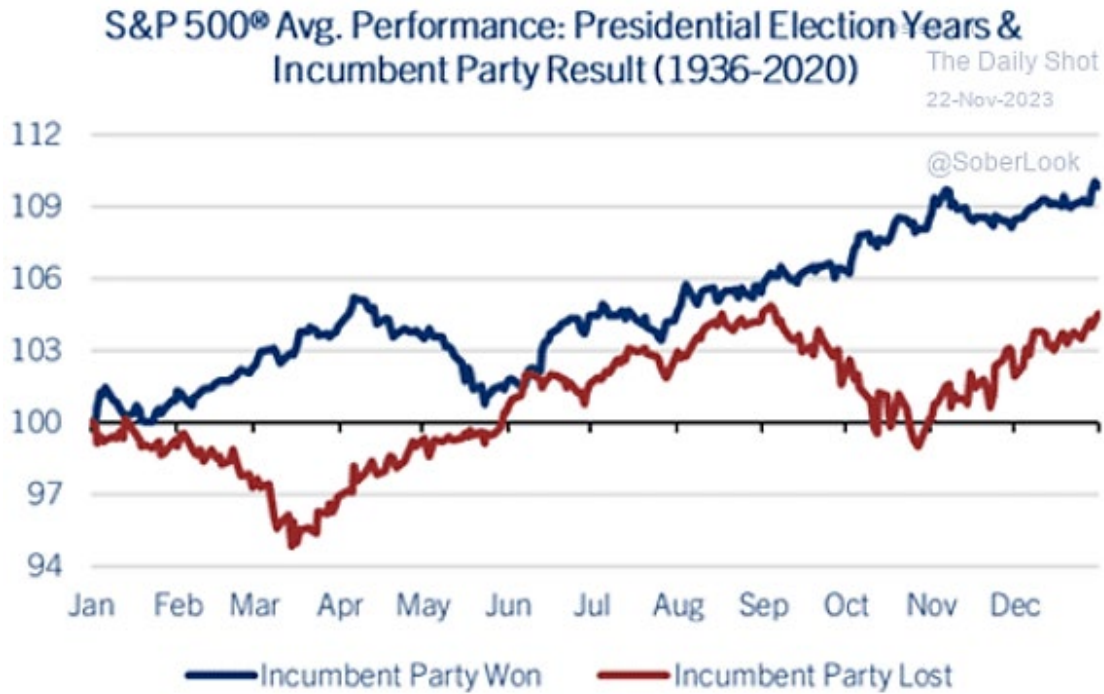
Posted on  
The Daily Shot  
22-Nov-2023



EM: emerging markets. ETFs: exchange-traded funds. Sources: Global X ETFs; The Daily Shot.

Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on page 6.

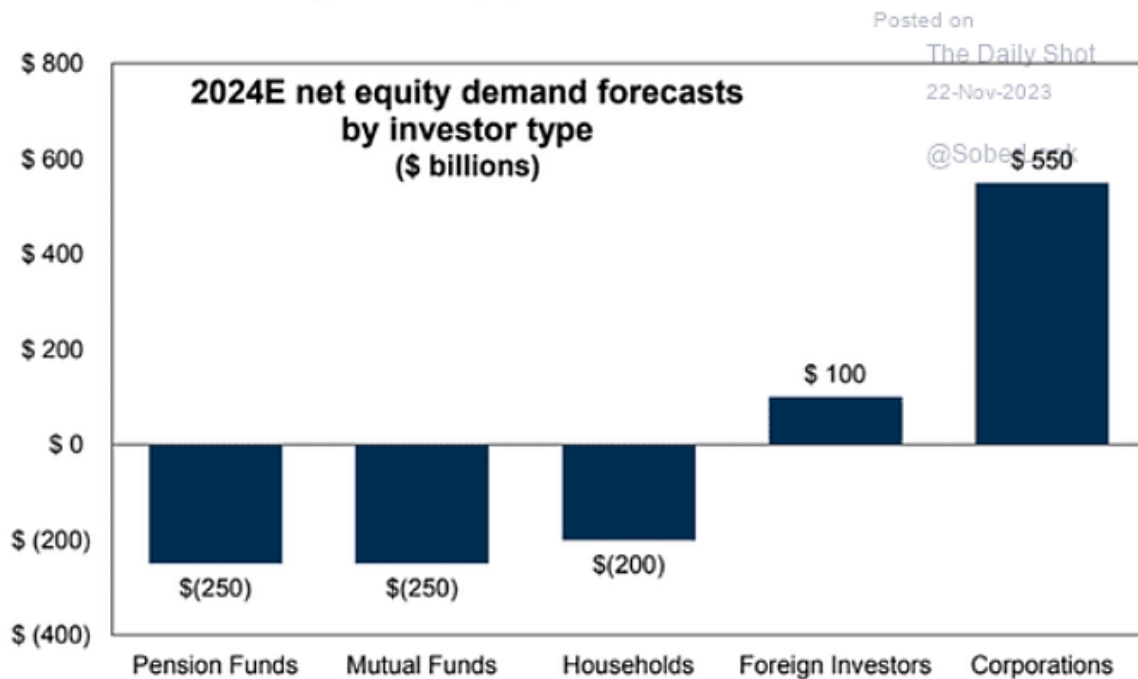
- The S&P 500 Index historically rose during election years, with the greater positive returns occurring when the incumbent party wins.



Sources: Strategas Research Partners; The Daily Shot.

- Goldman Sachs expects stock buybacks to drive net equity demand in 2024.

**Exhibit 21: US Portfolio Strategy 2024E net equity demand forecasts**



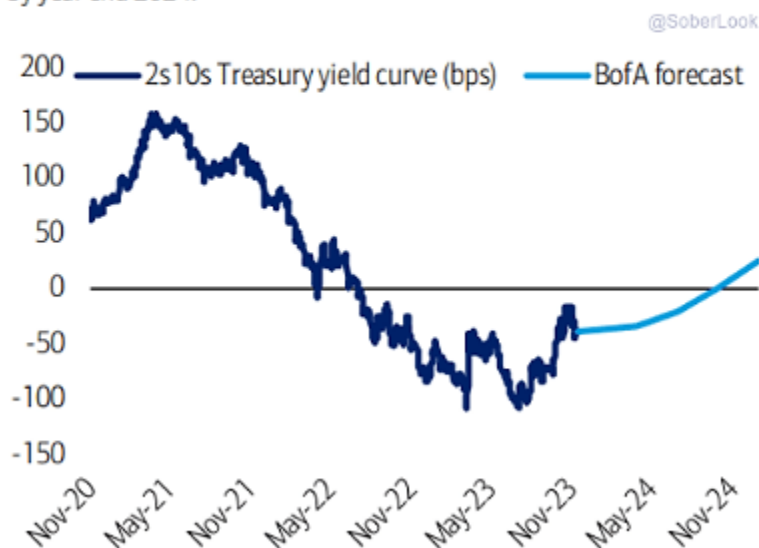
E: estimated. Sources: FactSet; Goldman Sachs; The Daily Shot.

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## Fixed Income Markets

- Bank of America expects the Treasury curve inversion to end in November 2024.

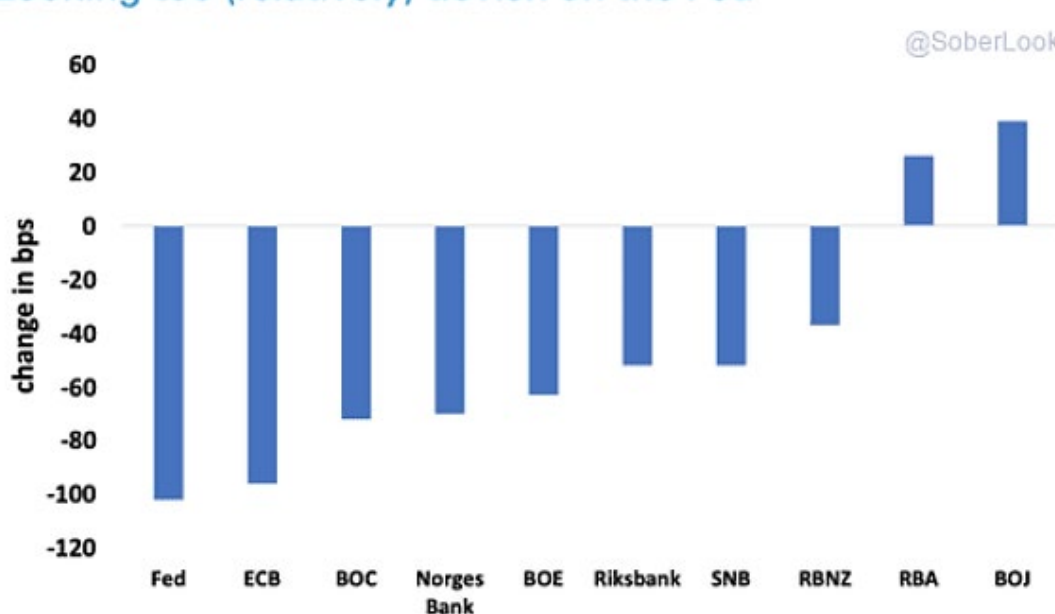
**Exhibit 43: 2s10s Treasury curve is expected to turn positive in 2024**  
 Our rates strategists are calling for 2s10s Treasury yield curve to reach 25bps by year-end 2024.



Sources: Bank of America; Bloomberg L.P.

- Futures markets are expecting the U.S. Fed to cut rates more than all other major central banks in 2024.

**Figure 4: How much will each G10 CB cut rates in 2024.**  
 Looking too (relatively) dovish on the Fed



G10 CB: group of ten central banks. Sources: Deutsche Bank; Bloomberg; The Daily Shot.

## U.S. Economic and Political News

- S&P Global released its estimate of growth in business activity in November that suggested there was an increase in the services sector. However, S&P Global noted that relatively subdued demand conditions and dwindling backlogs led firms to cut their workforce numbers for the first time since June 2020.

## International Markets and News

- European markets (STOXX 600 Index) rose +0.9% along with global markets despite the European Central Bank (ECB) President Christine Lagarde saying that the ECB could hold rates steady over the next couple of quarters.
- The Chinese stock market (Shanghai Composite) fell -0.4% despite the Chinese government announcing fresh stimulus measures for the weak property sector.
- Japanese equities (Nikkei 225 Index) rose +0.1% as Japanese companies continued to report better-than-expected earnings in general, and expectations that U.S. interest rates have peaked also supposed sentiment for equities.

## This Week:

- The volume of corporate earnings reports will be lighter this week.
- Economic data:
  - Monday: New Home Sales;
  - Tuesday: Federal Housing Finance Agency (FHFA) House Price Index, Consumer Confidence, American Petroleum Institute (API) Crude Inventories;
  - Wednesday: Mortgage Bankers Association (MBA) Mortgage Purchase Applications, gross domestic product (GDP) Chain Price (first revision), GDP (first revision), Wholesale Inventories, U.S. Department of Energy (DOE) Crude Inventories;
  - Thursday: Weekly Jobless Claims, Core personal consumption expenditures (PCE), Personal Spending, Personal Income, Chicago Purchasing Managers' Index (PMI), Pending Home Sales, Energy Information Administration (EIA) Natural Gas Inventories, N.Y. Fed President Speaking Event;
  - Friday: Construction Spending, Institute for Supply Management (ISM) Manufacturing Index.

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®  
Executive Director

Griffith Jones, Jr.  
Executive Director

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Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

**The S&P 500<sup>®</sup> Index** is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.

**The S&P 500<sup>®</sup> Equal Weight Index (EWI)** is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

**The Russell 2000<sup>®</sup> Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000<sup>®</sup> Index is a subset of the Russell 3000<sup>®</sup> Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000<sup>®</sup> is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

**The Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

**The NASDAQ Composite Index** is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depository receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

**The MSCI EAFE Index** is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**The STOXX Europe 600 Index** is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

**The Nikkei 225** is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

**The Shanghai Stock Exchange Composite Index** is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

Technical Terms: **A futures market** is an auction market in which participants buy and sell commodity and futures contracts for delivery on a specified future date. Futures are exchange-traded derivatives contracts that lock in future delivery of a commodity or security at a price set today. **Gross domestic product (GDP)** is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health. **The Group of Ten (G10)** consists of eleven industrialized nations that meet on an annual basis or more frequently, as necessary, to consult each other, debate and cooperate on international financial matters. The member countries are Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom, and the United States, with Switzerland playing a minor role. **Personal consumption expenditures (PCE)**, also known as consumer spending, is a measure of the spending on goods and services by people of the United States. **The Purchasing Managers' Index (PMI)** is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting. The purpose of the PMI is to provide information about current and future business conditions to company decision makers, analysts, and investors. (Technical definitions are sourced from Corporate Finance Institute.)

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