WEEKLY MARKET UPDATE | NOVEMBER 24, 2023

U.S. investors give thanks for another market upturn.

The economy

- Most major U.S. equity market indexes finished in positive territory during the week ending November 24. Investors' continued optimism that the Federal Reserve (Fed) is at the end of its rate-hiking cycle offset concerns about consumers' inflation expectations over the next year. U.S. financial markets were closed on Thursday in observance of the Thanksgiving holiday.
- The minutes of the Fed's October 31-November 1 meeting indicated that the central bank most likely will maintain the federal-funds rate at the current range of 5.25% to 5.50% in the near term. The Federal Open Market Committee (FOMC) meeting participants agreed that they were "in a position to proceed carefully and that policy decisions at every meeting would continue to be based on the totality of incoming information and its implications for the economic outlook as well as the balance of risks." However, the FOMC members acknowledged that "further tightening of monetary policy would be appropriate if incoming information indicated that progress toward the Committee's inflation objective was insufficient." The FOMC also noted that "data arriving in coming months would help clarify the extent to which the disinflation process was continuing, aggregate demand was moderating in the face of tighter financial and credit conditions, and labor markets were reaching a better balance between demand and supply."
- The University of Michigan's Index of Consumer Sentiment decreased 2.5 points (3.9%) to 61.3 in November, significantly lagging the index's historical average of 85. According to the survey, consumers' expectations for inflation over the next year increased 0.3 percentage point month-over-month to 4.5%—the highest reading since April of this year. Long-term inflation expectations rose from 3.0% to 3.2% in November. In a press release announcing the results of its survey, the University of Michigan commented, "These expectations have risen in spite of the fact that consumers have taken note of the continued slowdown in inflation; consumers appear worried that the softening of inflation could reverse in the months and years ahead."
- The National Association of Realtors (NAR) reported that sales of existing homes declined 4.1% in October to an annualized rate of 3.8 million, and plunged 14.6% versus the same period a year earlier. (Home sales are viewed as an indicator of housing market trends, and by extension, the health of the broader economy.) However, the median existing-home sale price rose 3.4% year-over-year to $391,800—but remained below the all-time high of $413,800 recorded in June 2022. The NAR attributed October's slump in sales to the ongoing lack of inventory and persistently high mortgage rates. The inventory of unsold existing homes as of the end of October stood at 1.15 million, up 1.8% from the end of September. The total is equivalent to a 3.6-month supply at the current monthly sales pace. The NAR considers a six-month supply of homes to be a "balanced market," in which prices rise modestly. Inventories of greater than six months typically have favored buyers, while a supply of homes that will be depleted in less than six months denotes a "seller's market."
- The U.S. Census Bureau announced that new orders for durable goods fell by a greater-than-expected rate of 5.4% to $279.4 billion in October, following a 4.0% gain in September. Durable goods orders data provide a gauge of the status of the supply chain and the level of confidence that businesses and consumers have in the U.S. economy. The downturn in October was due mainly to a 14.8% decrease in orders for transportation equipment, specifically motor vehicles and parts, which were hampered by the United Auto Workers union's strikes against Detroit's "Big Three" automakers: Ford Motor Co., General Motors Co., and Stellantis (formerly known as Fiat Chrysler). New orders for nondefense aircraft and parts also declined sharply during the month. Conversely, orders for defense capital goods (small arms and ordnance; communications equipment; aircraft; missiles; and space vehicles and parts) surged nearly 25% in October.

Stocks

- Global equities closed up for the week. Emerging markets fared better than developed markets.
- U.S. equities garnered positive returns during the week. Health care and consumer staples were the top-performing sectors, while energy and utilities lagged. Growth stocks led value, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.47% during the week.
- Global bond markets gained ground for the week.
- High-yield bonds led the markets, followed by corporate and government bonds.

The Numbers as of November 24, 2023	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.8%	14.2%	10.5%	691.4
MSCI EAFE ($)	0.5%	8.6%	7.3%	2111.1
MSCI Emerging Mkts ($)	1.2%	3.3%	4.5%	988.1
US & Canadian Equities				
Dow Jones Industrials ($)	1.3%	6.8%	3.5%	35390.2
S&P 500 ($)	1.0%	18.7%	13.2%	4559.3
NASDAQ ($)	0.9%	36.2%	26.3%	14250.9
S&P/ TSX Composite (C$)	-0.2%	3.8%	-1.1%	20127.1
UK & European Equities				
FTSE All-Share (£)	-0.3%	0.1%	-0.6%	4077.5
MSCI Europe ex UK (€)	0.6%	9.8%	6.2%	1625.9
Asian Equities				
Topix (¥)	0.0%	26.4%	18.4%	2390.9
Hong Kong Hang Seng ($)	0.6%	-11.2%	-0.6%	17559.4
MSCI Asia Pac. Ex-Japan ($)	1.3%	0.3%	2.3%	507.1
Latin American Equities				
MSCI EMF Latin America ($)	0.6%	16.2%	11.8%	2472.2
Mexican Bolsa (peso)	0.6%	9.4%	2.0%	53021.9
Brazilian Bovespa (real)	0.6%	14.4%	12.2%	125483.4
Commodities ($)				
West Texas Intermediate Spot	1.1%	-4.4%	-1.4%	76.8
Gold Spot Price	1.0%	9.7%	14.0%	2001.1
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.3%	0.6%	0.5%	448.4
JPMorgan Emerging Mkt Bond	1.0%	4.2%	6.0%	800.6
10-Year Yield Change (basis points*)				
US Treasury	3	59	77	4.47%
UK Gilt	18	62	125	4.28%
German Bund	6	8	80	2.64%
Japan Govt Bond	2	36	53	0.78%
Canada Govt Bond	5	42	79	3.72%
Currency Returns**				
US$ per euro	0.3%	2.3%	5.2%	1.095
Yen per US$	-0.1%	14.0%	7.9%	149.46
US$ per £	1.2%	4.4%	4.1%	1.261
C$ per US$	-0.8%	0.5%	2.1%	1.362

Source: Bloomberg. Equity-index returns are price only, others are total returns.

*100 basis points = 1 percentage point.

**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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