

Weekly Market Update



Market Data as of Week Ending: 12/1/2023 unless noted otherwise

Equities were higher on the week as economic data and Fed speak supported the narrative that the rate hike cycle is at the end. All size and style factors provided positive returns, but value outperformed growth, and small-cap stocks outperformed large-cap. Communication Services and Energy were the only sectors with negative performance. Interest rate-sensitive sectors, such as Real Estate and Financials, outperformed as interest rates retreated. Foreign markets, while positive, underperformed domestic equities as the MSCI EAFE returned .40% and MSCI Emerging Markets returned .20%.

U.S. yields continued to move lower last week as market participants reaffirmed their beliefs about the future of monetary policy. Money market rates were modestly lower, while capital market rates decreased significantly. The 2-yr Treasury ended the week 17 bps lower at 4.56%, and the 10-yr Treasury ended the week 15 bps lower at 4.22%. The slope of the yield curve remained relatively stable, with the 2-10-year slope at -.34%. Lower yields supported positive performance from longer duration securities, with long-government returning 1.65%, while short-HY was the worst performing size and style but still provided positive performance, returning .29% for the week. Yields continued to decline for both U.S. Investment Grade Corporate and High Yield bonds as they ended the week at 5.48% and 8.46%, respectively. Lower rates did not help push mortgage rates lower as the 10-year fixed mortgage rate remains near 20-year highs at 7.37%.

Economic data for the week was robust and generally supported the idea that the Fed was at the end of the rate hiking cycle and would start to cut rates in 2024. The second look at 3rd quarter GDP revised real GDP higher from 4.9% to 5.2%. The upward revision reflected an increase in business investment, which was slightly offset by lower personal consumption. The PCE index indicated that inflation continues to cool. Core PCE for October increased .2%, a decrease from the prior month. Year-over-year Core PCE decreased to 3.5%. A number of Fed Board Members spoke last week, including Chair Jerome Powell. Overall, the tone appears to be more dovish, and Powell mentioned that interest rates were now "well into restrictive territory." Initial unemployment insurance claims of 218,000 were slightly higher but overall in line with recent levels. Continuing claims of 1.93M reached the highest level since November 2021. October new home sales decreased 5.6% from September to 679,000 but is 17.7% above the October 2022 estimate. Pending home sales fell 1.5% in October. The November Beige Book, which measures regional economic activity, suggested that economic activity is slowing, demand for labor continues to ease, and prices are moderating. Oil prices continue to fall and ended the week at \$74.07/ barrel despite OPEC+ agreeing to cut production by 1M barrels a day.

U.S. Equity Returns (Size & Style - Russell)

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	1.95%	1.10%	0.38%	1.14%	0.75%	0.42%	4.93%	7.49%	9.78%	6.81%	21.48%	37.20%
Mid	2.86%	2.85%	2.83%	1.86%	1.89%	1.95%	5.95%	6.70%	8.55%	6.52%	10.87%	19.28%
Small	3.53%	3.12%	2.68%	3.29%	2.97%	2.63%	5.87%	4.63%	3.34%	5.31%	7.29%	8.75%

U.S. Fixed Income Returns (Quality & Duration - Bloomberg)

	Week			MTD			QTD			YTD		
	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long
Govt	0.98%	1.26%	3.56%	0.40%	0.53%	1.65%	2.03%	2.38%	5.48%	3.21%	2.71%	-3.49%
Corp	1.10%	1.51%	3.80%	0.39%	0.56%	1.48%	2.60%	3.52%	7.77%	4.66%	4.91%	4.85%
HY	1.04%	1.27%	2.79%	0.29%	0.31%	0.70%	2.77%	3.59%	6.41%	9.19%	9.73%	10.09%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	0.83%	0.60%	7.47%	21.52%
S&P MidCap 400	2.59%	2.42%	5.20%	9.69%
Russell 2000	3.12%	2.97%	4.63%	7.29%
MSCI EAFE	0.40%	0.26%	5.13%	12.57%
MSCI Emerging Markets	0.20%	-0.50%	3.29%	5.17%
MSCI EAFE Small Cap	0.82%	0.30%	3.90%	5.79%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	1.34%	0.53%	2.74%	3.41%
Bloomberg US Agg	2.04%	0.86%	3.76%	2.51%
Bloomberg US High Yield	1.31%	0.32%	3.65%	9.72%
Other				
Bloomberg Commodity	0.15%	-0.32%	-2.30%	-5.67%
S&P Dev Property	3.06%	1.77%	7.34%	3.51%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	1.59%	1.28%	7.32%	35.94%
Consumer Staples	0.74%	0.38%	3.19%	-1.73%
Energy	-0.07%	0.48%	-6.47%	-0.83%
Financials	2.17%	0.73%	8.98%	7.18%
Health Care	0.52%	0.39%	2.43%	-1.77%
Industrials	2.20%	1.57%	7.30%	12.12%
Info Technology	0.35%	0.17%	13.04%	52.28%
Materials	2.78%	1.16%	6.12%	8.89%
Real Estate	4.67%	2.11%	11.62%	5.54%
Communication Svcs	-2.48%	-0.23%	5.62%	48.32%
Utilities	1.33%	1.25%	7.85%	-7.69%

Bond Yields

	12/1/23	11/30/23	9/30/23	12/31/22
3Mo Libor	5.64%	5.63%	5.66%	4.77%
SOFR 3Mo Swap	5.36%	5.37%	5.39%	4.59%
2Yr Treasury	4.56%	4.73%	5.03%	4.41%
10Yr Treasury	4.22%	4.37%	4.59%	3.88%
2-10 Slope	-0.34%	-0.36%	-0.44%	-0.53%

Commodities and Currency

	12/1/23	11/30/23	9/30/23	12/31/22
Oil (\$/barrel)	74.07	75.96	90.79	80.26
Gold (\$/oz.)	2072.22	2036.41	1848.63	1824.02

Past performance is not a guarantee of future results. We believe the information presented is reliable, but we do not guarantee its accuracy.