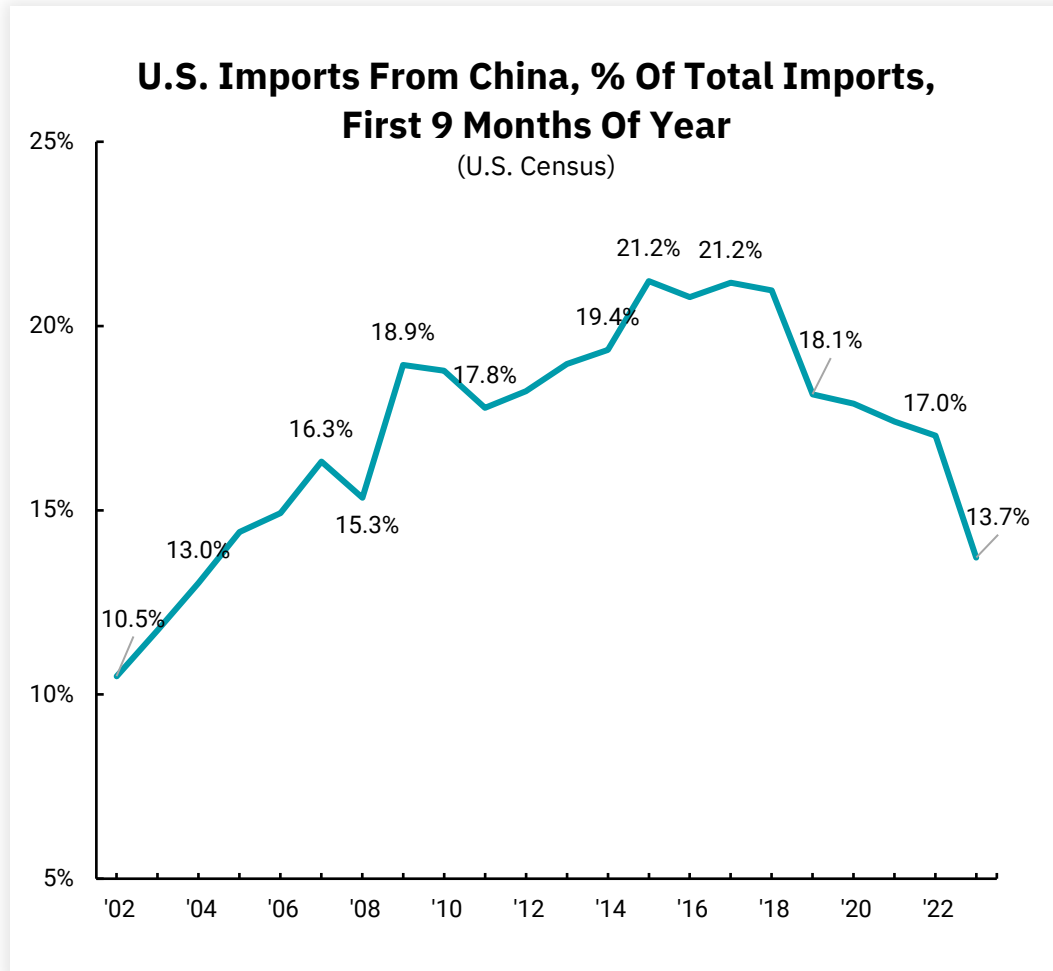


Weekly market update



Chart of the week (Nov. 10, 2023)



President Biden is scheduled to meet with his Chinese counterpart, President Xi Jinping, on Nov. 15 at the Asia-Pacific Economic Cooperation Forum in California. Political and market analysts will be watching for any sign of thawing or hardening of U.S.-China relations. In the past several years, the world's two superpowers have had many diverging interests, with some commentators calling it a new cold war between the two countries. Any positive development from the meeting between the two leaders would likely be seen as constructive for the long-term view of the global economy. However, recent trends have not been positive, and the lack of cooperation between the two countries has resulted in the U.S. Commerce Department ordering new restrictions to stem the flow of chips used in artificial intelligence applications to China.

This latest action comes on the heels of many more tariffs and economic restrictions that began in 2018. This week's chart shows U.S. imports from China as a percent of total U.S. imports, using the first nine months of the year for comparative purposes. There is a clear uptrend from the beginning of the data in 2002 until 2018. Then, once tariffs were introduced, the decline was immediate and has continued to this day.

This decline was not just due to tariffs, however, as the onset of the global pandemic laid bare the risks of the U.S. having so much of its production overseas. China was pursuing a "zero-COVID" policy, which led to entire cities and ports being shut down for limited cases of COVID-19. Consequently, produced goods were tangled in a web of supply chain bottlenecks.

For the U.S., this has resulted in a shift in production capacity. Some U.S. companies have moved their manufacturing operations to countries such as Vietnam, Bangladesh or even North America. Recent data shows the U.S. now imports more from Mexico than China. The reduction in bilateral trade between the U.S. and China is a major theme of deglobalization and may be reflected in higher prices for U.S. and global consumers as the global economy becomes less "efficient". Reduced overall output is also a risk as less economic cooperation, in the form of trade, will mean less incentive for each country to listen to each other as global issues arise going forward.

Weekly market update



Commentary (Nov. 10, 2023)

Domestic Equities

- U.S. stocks ended the week with gains. Sentiment was strong most of the week, but a sharp spike in long-term rates during a lackluster Treasury auction and a warning from Federal Reserve Chair Powell that there may be more work to do to combat inflation on Thursday sent stocks sharply lower. Cooling rates helped calm markets Friday.
- The majority of U.S. companies have reported Q3 earnings at this point. Eighty percent of companies beat earnings expectations, while 60% beat sales expectations. On average, earnings were up 3% over last year and up 9% excluding energy. Guidance for next year has been weak, and forward expectations for 2024 and 2025 came down slightly during the quarter.
- Growth dominated value this week with gains in high-tech names. Chip stocks were particularly strong, with Broadcom hitting record highs on hopes that a planned acquisition would finally go through.

Bonds

- U.S. Treasuries were mixed with the 1-to-10-year part of the curve moving higher, while the remainder of the curve was flat to lower. The Treasury market initially rallied on more balanced comments from several Fed officials. Still, it gave back much of its gains on Thursday due to an extremely weak 30-year auction and hawkish comments from Fed Chair Powell.
- The Federal Reserve's reverse repo facility fell below \$1T for the first time in two years as money market funds turned to higher-yielding U.S. Treasury bills.
- Across the U.S., voters approved at least \$27B of approximately \$44B of municipal bond measures, most of which came from the state of Texas.
- In international markets, the Royal Bank of Australia ended a four-meeting pause on Tuesday by hiking the cash rate to a 12-year high of 4.35%.

International Equities

- Global markets encountered some volatility this week after Fed Chair Jerome Powell said the U.S. central bank won't hesitate to tighten policy if necessary, souring global appetite for riskier assets.
- Foreign developed markets endured a sluggish week as many markets across the Pacific and European regions struggled to gain traction. Australia's third-quarter consumer prices rose by 5.4% over the prior year. Persistent and elevated inflation levels prompted its central bank to raise its key policy rate by 0.25%.
- Emerging markets rose this week on the relative strength of Asian markets. China is facing a deflationary environment as consumer prices fell 0.2% in October, far below the 3% target set by the government. The negative CPI reading indicates that China's underlying demand remains weak and that a string of stimulus measures so far has failed to boost consumer confidence.

Economics

- The Federal Reserve reported the total amount of consumer credit rose 2.2% in September, reversing a decline in the prior month. Most of the monthly increase was due to increased borrowing in non-revolving credit.
- The Bureau of Economic Analysis reported the U.S. trade deficit increased by 4.9%, totaling \$62.5 billion in September. Exports increased 2.2% while imports increased 2.7%.
- The Department of Labor's report on initial unemployment insurance claims declined by 3,000 to 217,000 for the week ending Nov. 4. Continuing claims have risen for seven consecutive weeks from 1.66 million to 1.83 million.
- The Consumer Price Index will be released on Tuesday. On Wednesday, both retail sales and the Producer Price Index will be released.

Weekly Market Update

For Week Ending November 10, 2023

Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	34,283.10	0.7%	5.3%	3.9%
S&P 500 Index	4,415.24	1.4%	16.6%	13.4%
NASDAQ	13,798.11	2.4%	32.8%	25.2%
S&P 400 Midcap Index	2,439.62	-1.5%	1.8%	-1.4%
S&P 600 Smallcap Index	1,114.51	-2.9%	-2.2%	-7.4%
MSCI EAFE	6,989.41	-0.9%	6.2%	10.5%
MSCI Emerging Markets	493.06	0.0%	1.4%	9.5%
Bloomberg US Agg	2,031.96	-0.3%	-0.8%	0.4%
Bloomberg Municipal 5 Yr	470.85	0.5%	0.5%	2.9%
Bloomberg US Corporate	2,985.18	0.0%	0.6%	2.9%
Bloomberg Glb Agg ex US Hdg	541.49	0.2%	3.8%	2.6%
Bloomberg High Yield	2,336.27	-0.3%	6.9%	8.1%
MSCI US REIT Index	1,835.48	-2.4%	-4.1%	-8.2%
Bloomberg Commodity Index	231.56	-3.3%	-5.8%	-7.9%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	5.50%	5.50%	4.50%	4.00%
3-Month Treasury	5.40%	5.39%	4.34%	4.16%
1-Year Treasury	5.37%	5.27%	4.69%	4.55%
2-Year Treasury	5.06%	4.84%	4.43%	4.33%
5-Year Treasury	4.68%	4.50%	4.00%	3.94%
7-Year Treasury	4.71%	4.56%	3.97%	3.88%
10-Year Treasury	4.65%	4.57%	3.87%	3.81%
30-Year Treasury	4.76%	4.77%	3.96%	4.05%

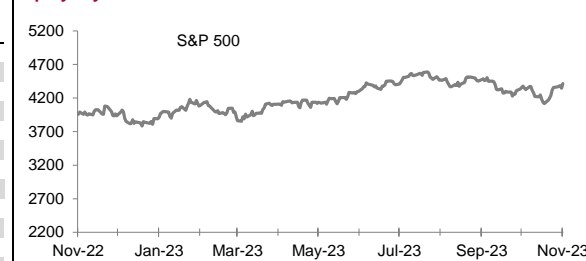
	Last Price/Yield	Prior Week	Year End	Year Ago
Consumer Rates				
30-Year Mortgage	7.87%	7.79%	6.66%	5.83%
Prime Rate	9.25%	9.25%	8.25%	7.75%
SOFR	5.32%	5.32%	4.77%	3.78%

	Last Price	Prior Week	Year End	Year Ago
Commodities				
Gold	1,940.20	1,992.65	1,824.02	1,755.45
Crude Oil (WTI)	77.17	80.51	80.26	77.00
Gasoline	3.38	3.43	3.21	3.79
Natural Gas	3.03	3.52	4.48	5.63
Copper	3.59	3.68	3.81	3.70

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	18.92	19.14	4.41	2.08
S&P 500	19.89	19.99	4.15	1.59
S&P 500 Value	17.14	17.05	2.70	2.06
S&P 500 Growth	22.90	22.55	7.09	1.25
NASDAQ	28.99	32.14	5.52	0.83
S&P Midcap 400	14.60	14.02	2.12	2.18
S&P Smallcap 600	13.76	12.27	1.51	2.00
MSCI EAFE	12.92	12.29	1.64	3.42
MSCI Emerging Markets	13.02	13.34	1.52	3.20

Source: Bloomberg

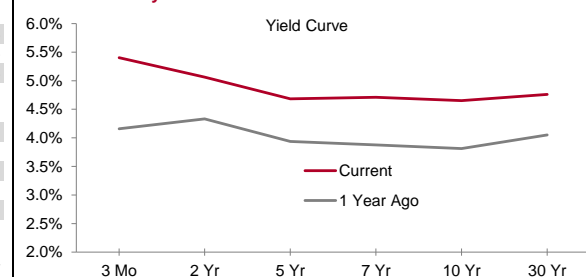
Equity Style



1 Month*			Year to Date*			
Value	Core	Growth	Value	Core	Growth	
Large	1.95	1.42	0.98	10.62	16.59	22.06
Mid	-2.06	-2.21	-2.45	-1.22	1.81	4.62
Small	-2.06	-2.60	-3.17	-4.12	-2.23	-0.42

*S&P Indices

Fixed Income Style



1 Month*			Year to Date*			
Short	Interm.	Long	Short	Interm.	Long	
Govt	0.27	0.28	1.82	2.29	0.73	-8.53
Corp	0.32	0.59	1.71	2.88	1.93	-2.19
HY	0.63	1.38	2.74	7.88	6.95	4.31

1-3 Yrs 1-10 Yrs +10 Yrs

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	3.7%	8.2%
CPI Core Inflation	4.1%	6.6%
Personal Consumption Exp (PCE) Core	3.7%	5.5%

	Last Release	Year Ago
Jobs		
Unemployment Rate (U3)	3.9%	3.7%
Broader Unemployment Rate (U6)	7.2%	6.7%
JOLT Survey (in millions)	9.55	10.85
Jobless Claims (000's)	217	207
Change in Non-Farm Payroll (000's)	150	324
Average Hourly Earnings (Y/Y % Change)	4.1%	4.9%

	Last Release	Year Ago
Consumer & Spending		
Consumer Confidence (Conf Board)	102.6	102.2
Consumer Spending (\$ Bil)	18,853	17,804
Consumer Credit (\$ Bil)	4,976	4,807
Retail Sales (\$ Bil)	705	679

	Last Release	Year Ago
Housing		
Housing Starts (000's)	1,358	1,463
Case-Shiller Home Price Index	311.50	303.69

	Last Release	Year Ago
U.S. Productivity		
Real Gross Domestic Product (\$ Bil)	22,492	21,851
Quarter over Quarter Change	4.9%	2.7%
Year Over Year Change	2.9%	1.7%
ISM Manufacturing	46.70	50.00
Capacity Utilization	79.68	80.84
Markit US Composite PMI	50.70	48.20

	Last Release	Year Ago
U.S. General		
Leading Economic Indicators	104.6	113.5
Trade Weighted Dollar Index	122.2	128.1
EUR / USD	1.07	1.02
JPY / USD	151.52	140.98
CAD / USD	0.72	0.75
AUD / USD	0.64	0.66

S&P 500 Sector Returns

	1 Month	YTD
Information Technology	6.24%	48.23%
Communication Services	0.10%	46.82%
Consumer Discretionary	0.37%	28.42%
Industrials	-0.42%	5.72%
Material	-1.97%	1.07%
Financials	1.84%	0.55%
Energy	-6.06%	-2.45%
Consumer Staples	2.37%	-4.45%
Real Estate	0.78%	-4.56%
Health Care	-3.66%	-5.92%
Utilities	2.93%	-12.43%

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