Monthly Client Update | December 1, 2023

S&P 500 Registers its Biggest Monthly Gain Since July 2022

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Monthly Market Summary

- The S&P 500 Index gained +9.1% in November, slightly underperforming the Russell 2000 Index's +9.2% return. Ten of the eleven S&P 500 sectors traded higher, with only Energy trading lower as the price of oil declined -6.2%.
- Corporate investment-grade bonds produced a +7.5% total return as yields declined, outperforming corporate high-yield bonds' +4.9% total return.
- International stocks underperformed U.S. stocks for a second consecutive month. The MSCI EAFE Index of developed market stocks gained +8.2% and outperformed the MSCI Emerging Market Index's +7.8% return.

Stocks Trade Higher as Treasury Yields Reverse Lower

The big story during November was the decline in Treasury yields. The bond market experienced large moves in interest rates, with the 10-year Treasury yield falling to 4.36% from over 5% in October. For context, the -0.54% decline in the 10-year yield ranks among the biggest 1-month drops since December 2008, when the Federal Reserve cut interest rates by -0.75%. Falling Treasury yields provided relief to bonds, which have traded lower as the Federal Reserve hikes rates. The Bloomberg U.S. Bond Aggregate Index, which tracks a broad index of U.S. bonds, produced a +4.6% total return. It was the index's first gain in seven months and its biggest gain since 1985.

The decline in yields helped the stock market rebound after trading lower for three consecutive months. The S&P 500 recorded its biggest monthly gain since July 2022 and currently trades less than 5% below its all-time closing high. The NASDAQ 100 Index gained +10.8% as mega-cap growth stocks such as Microsoft, Apple, and NVIDIA traded toward new all-time highs. Technology was the top-performing S&P 500 sector as the rally in growth stocks propelled the sector to a new all-time high. Real Estate followed close behind, benefiting from falling interest rates that provided relief to property owners. Defensive sectors, including Consumer Staples, Utilities, and Health Care, lagged as the market traded higher.

Investors Encouraged by the Market's Resilience to Higher Interest Rates

Investors are optimistic as the U.S. economy continues to exceed expectations. Third-quarter GDP growth was recently revised higher to 5.2%, the strongest since Q4 2021. While unemployment sits at a 21-month high of 3.9%, it remains low by historical standards. The pending home sales index recently fell to the lowest level since 2001, but the decline appears to be linked to limited supply rather than weak demand. The S&P 500's earnings grew year-over-year during the third quarter, the first time since Q3 2022. Inflation pressures have eased significantly, and investors expect multiple interest rate cuts in 2024. There is a growing sense that the Federal Reserve has accomplished its mission of lowering inflation without tipping the economy into a recession. The market will be watching closely to see if the strength carries into 2024.

THIS MONTH IN NUMBERS

FIGURE 1

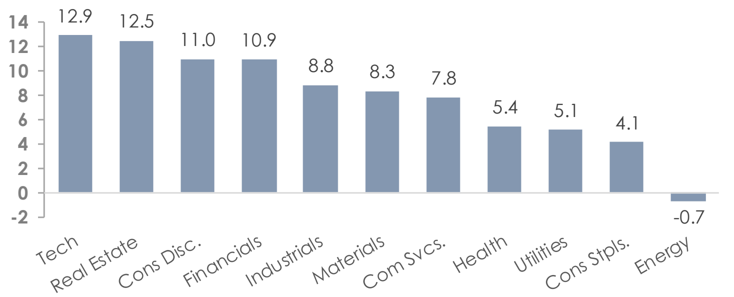
U.S. Style Returns (November in %)

	Value	Blend	Growth
Large	7.6	9.1	11.0
Mid	9.5	10.2	12.2
Small	9.1	9.2	9.1

Data Reflects Most Recently Available As of 11/30/2023

FIGURE 2

U.S. Sector Returns (November in %)



Data Reflects Most Recently Available As of 11/30/2023

FIGURE 3

U.S. Style Returns (YTD in %)

	Value	Blend	Growth
Large	5.4	20.6	36.4
Mid	4.4	8.6	16.8
Small	1.8	4.2	5.9

Data Reflects Most Recently Available As of 11/30/2023

FIGURE 4

U.S. Sector Returns (YTD in %)

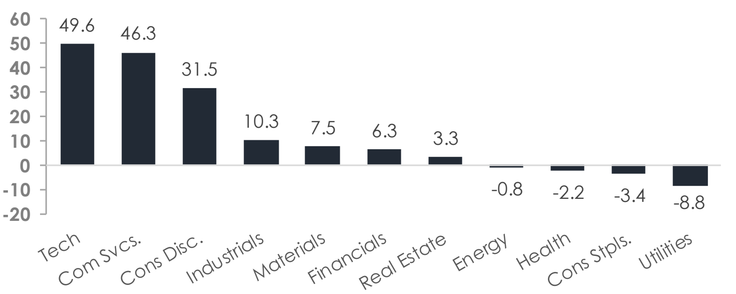


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FIGURE 5

Market Data Center

Stocks	1 month	3 months	6 months	YTD	1 year	3 years	Dividend Yield	NTM P/E	P/B
S&P 500	9.1%	1.7%	10.0%	20.6%	13.5%	31.1%	1.43%	18.7x	4.1x
Dow Jones	9.1%	4.0%	10.3%	10.5%	5.9%	27.6%	1.87%	16.8x	4.4x
Russell 2000	9.2%	-4.3%	4.2%	4.2%	-2.6%	3.2%	1.56%	19.6x	1.7x
Russell 1000 Growth	11.0%	3.4%	12.9%	36.4%	25.9%	28.1%	0.69%	25.7x	10.9x
Russell 1000 Value	7.6%	-0.3%	7.1%	5.4%	1.2%	25.7%	2.13%	14.2x	2.3x
MSCI EAFE	8.2%	1.2%	4.3%	12.3%	10.2%	12.3%	2.18%	12.8x	1.7x
MSCI EM	7.8%	1.0%	4.4%	5.2%	2.4%	-13.2%	2.26%	11.5x	1.5x
NASDAQ 100	10.8%	3.0%	12.0%	46.6%	33.3%	31.7%	0.56%	24.2x	6.8x

Fixed Income	Yield	1 month	3 months	YTD	1 year	3 years
U.S. Aggregate	5.05%	4.6%	0.3%	1.9%	1.0%	-12.6%
U.S. Corporates	5.71%	7.5%	1.2%	4.3%	2.6%	-15.5%
Municipal Bonds	4.03%	5.7%	1.7%	3.2%	2.9%	-2.7%
High Yield Bonds	8.56%	4.9%	2.1%	7.9%	5.9%	1.4%

Key Rates	11/30/2023	10/31/2023	8/31/2023	5/31/2023	11/30/2022	11/30/2020
2 yr Treasury	4.71%	5.06%	4.84%	4.39%	4.38%	0.14%
10 yr Treasury	4.36%	4.90%	4.09%	3.64%	3.70%	0.84%
30 yr Treasury	4.51%	5.06%	4.21%	3.86%	3.82%	1.58%
30 yr Mortgage	7.57%	8.06%	7.53%	7.08%	6.67%	2.94%
Prime Rate	8.50%	8.50%	8.50%	8.25%	7.00%	3.25%

Commodities	Level	1 month	YTD
Oil (WTI)	75.96	-6.2%	-5.4%
Gasoline	2.13	0.0%	-17.3%
Natural Gas	2.80	-26.5%	-31.7%
Propane	0.64	-6.6%	-17.7%
Ethanol	1.85	-9.5%	-15.9%
Gold	2,057	3.2%	12.6%
Silver	25.66	11.8%	6.7%
Copper	3.83	5.1%	0.6%
Steel	1,044	19.9%	40.3%
Corn	4.83	0.8%	-28.9%
Soybeans	13.33	4.2%	-11.0%

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