US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	5.385 (-1.8 bps)	Bond Buyer 40 Yield:	4.98 (-16 bps)
6 Mo. T-Bill:	5.397 (-5.9 bps)	Crude Oil Futures:	75.89 (-1.89)
1 Yr. T-Bill:	5.233 (-14.1 bps)	Gold Spot:	1,984.70 (47.00)
2 Yr. T-Note:	4.886 (-17,7 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.619 (-21.8 bps)	U.S. High Yield:	8.80 (-23 bps)
5 Yr. T-Note:	4.441 (-24.3 bps)	BB:	7.35 (-18 bps)
10 Yr. T-Note:	4.435 (-21.6 bps)	B:	9.03 (-22 bps)
30 Yr. T-Bond:	4.489 (-17.3 bps)		

Treasury yields were down on the week as several sets of data suggested that inflation in the U.S is easing and the Fed may be able to stop hiking rates. On Tuesday, the consumer price index (CPI) remained unchanged for October. The CPI reached a two-year low and fell below the consensus expected +0.1%, supporting the notion that the Fed has gained traction in its fight against inflation. The main focus on Wednesday was on retail sales and the producer price index results for October. Retail sales declined 0.1% for October, beating the consensus expectations of a 0.3% decline. Sales declined in seven of the thirteen major categories, which were led by auto sales slipping 1%. Producer Price Index (PPI) fell 0.5% in October, coming in well below consensus expectations of +0.1%. Producer prices are up 1.3% versus a year ago, which has fallen considerably since the 11.7% peak in March 2022. Continuing claims rose to the highest level in two years on Thursday while initial jobless claims rose to 231k, the highest level since August. This further signals that the labor market is softening and that the Fed is likely to be done hiking rates this year. On Friday, US Housing starts unexpectedly increased last month by 1.9% to a 1.37 million annualized rate. This illustrates the continuing benefit builders have seen from a limited supply in the resale market. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: October Leading Index (-0.7%, -0.7%); Tuesday: October Existing Home Sales (3.90m, 3.96m); November 17 MBA Mortgage Applications (N/A, 2.8%), November 18 Initial Jobless Claims (225k, 231k), November' 11 Continuing Claims (1875k, 1865k), October Preliminary Durable Goods Orders (-3.2%, 4.6%), November Final University of Michigan Sentiment (61.0, 60.4); Friday: November Preliminary S&P Global US Manufacturing PMI (49.9, 50.0).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	34,947.28 (2.06%)	Strong Sectors:	Real Estate, Materials, Consumer Discretionary
S&P 500®	4,514.02 (2.31%)		
S&P MidCap 400®	2,536.78 (4.04%)	Weak Sectors:	Consumer Staples, Energy, Health Care
S&P SmallCap 600®	1,171.16 (5.15%)		
Nasdaq Composite®	14,125.48 (2.43%)	NYSE Advance/Decline:	2,474 / 518
Russell 2000®	1,797.77 (5.48%)	NYSE New Highs/New Lows:	189 / 117
		AAII Bulls/Bears:	43.8% / 28.1%

Equity markets moved higher by over 2% last week, as measured by the S&P 500. Tuesday saw the biggest gain as the index rose by 1.91%, while the rest of the days ranged from -0.08% to 0.16%. Investor optimism that the Federal Reserve is done hiking rates fueled a $2.7 trillion dollar gain in November. The risk-on trade has been met with some skepticism as the Fed is more likely to hold rates steady than cut in 2024. Rate-sensitive Real Estate stocks benefitted from the rate optimism as the group posted the best return in the S&P 500 with a 4.6% gain. Digging into corporate earnings, big box retailer **Target** reported quarterly earnings on Wednesday and investors were rewarded with a 14% price jump on the news and closed out the week 21% higher. The company beat profit estimates and put operational problems in the rearview mirror while laying out its view on the value-conscious consumer into the holiday season. The sentiment was echoed a day later by **Walmart.** The company beat earnings expectations but laid out a narrow view of consumer spending behavior highlighted by sustained rising prices on general merchandise and some relief down the grocery aisles. Both companies also cited the resumption of student loan repayments that affect 27 million Americans. Consumers have felt relief at the gas pump. Average gasoline prices have steadily fallen since mid-September and crude oil closed at just under $76 a barrel, its fourth consecutive lower weekly close. Looking ahead to the four trading days of Thanksgiving week, the FOMC meeting minutes, durable goods, and the University Michigan Consumer Sentiment survey are all set for release.