

## US Economy and Credit Markets

### Yields and Weekly Changes:

3 Mo. T-Bill:	3.796 (-2.5 bps)	Bond Buyer 40 Yield:	4.74 (1 bps)
6 Mo. T-Bill:	3.763 (0.2 bps)	Crude Oil Futures:	58.55 (0.49)
1 Yr. T-Bill:	3.591 (-2.4 bps)	Gold Spot:	4,239.43 (174.29)
2 Yr. T-Note:	3.489 (-1.8 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.486 (-1.4 bps)	US High Yield:	7.13 (-15 bps)
5 Yr. T-Note:	3.596 (-2.5 bps)	BB:	5.89 (-16 bps)
10 Yr. T-Note:	4.013 (-5.0 bps)	B:	7.33 (-20 bps)
30 Yr. T-Bond:	4.663 (-4.9 bps)		

Treasury yields finished the holiday-shortened week slightly lower, as investors are now pricing in a roughly 83% chance of a quarter-point rate cut at the Federal Reserve's upcoming December meeting. Last week investors were pricing in a roughly 30% chance of a rate cut, but the September jobs report and comments from the New York Fed President John Williams have shifted sentiment. The September Producer Price Index (PPI) rose 0.3%, matching consensus expectations. "Core" prices, excluding food and energy categories, rose 0.1% in September and are up 2.6% versus a year ago. September retail sales rose 0.2%, lagging the consensus expected 0.4%. Sales have now risen for the fourth consecutive month as eight of the thirteen major categories saw increases. New orders for durable goods rose 0.5% in September, matching consensus expectations. Nearly every major category saw an increase in orders, led by a 30.9% increase in defense aircraft orders. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: November Final S&P Global US Manufacturing PMI (51.9, 51.9), November ISM Manufacturing (49.0, 48.7), September Housing Starts (1330k, 1307k), September Leading Index (-0.3%, n/a), September Final Durable Goods Orders (n/a, 0.5%), September Construction Spending MoM (0.0%, 0.2%), September Preliminary Wholesale Inventories MoM (n/a, 0.0%), October PPI Final Demand MoM (0.2%, 0.3%), September Factory Orders (0.3%, 1.4%), September New Home Sales (716k, n/a), September Trade Balance (-\$63.2b, -\$59.6b); Wednesday: November 28 MBA Mortgage Applications (n/a, 0.2%), November ADP Employment Change (10k, 42k), September Industrial Production MoM (0.1%, 0.1%), November ISM Services Index (52.0, 52.4); Thursday: November 29 Initial Jobless Claims (222k, 216k); Friday: September Personal Income (0.3%, n/a), September Personal Spending (0.3%, n/a), December Preliminary University of Michigan Consumer Sentiment (52.0, 51.0).

## US Equities

### Weekly Index Performance:

### Market Indicators:

The Dow®	47,716.42 (3.2%)	Strong Sectors:	Comm. Services, Cons. Discretionary
S&P 500®	6,849.09 (3.74%)		Info Tech
S&P MidCap 400®	3,308.49 (3.95%)	Weak Sectors:	Real Estate, Cons. Staples
S&P SmallCap 600®	1,471.61 (4.56%)		Energy
Nasdaq Composite®	23,365.69 (4.91%)	NYSE Advance/Decline:	2,400 / 439
Russell 2000®	2,500.43 (5.54%)	NYSE New Highs/New Lows:	207 / 64
		AAll Bulls/Bears:	32% / 42.7%

Investors had a lot to be thankful for Thanksgiving week; the S&P 500 returned 3.74% as the market priced in a greater chance of a Fed rate cut. Communication services came in as the top sector, with interactive media giants **Meta Platforms** and **Alphabet** providing the bulk of the contribution. A strong showing from automobile maker **Tesla** and online retail giant **Amazon** helped cement the consumer discretionary sector in second place. Third place was information technology; chip behemoth **Broadcom** returned 18.45% and was the single largest contributor to the S&P 500's return. Energy was the worst performing sector despite oil prices rebounding a bit, with integrated giants **Chevron** and **Exxon** posting a 0.77% and a -0.99% return, respectively. Turning to economic news, retail sales grew 0.20% in September, missing the 0.40% number expected. September PPI final demand met expectations at a 0.30% increase for the month, and PPI ex food, energy, and trade registered a 0.10% number, below the 0.30% expected. The FHFA House Price Index was flat for September, despite a 0.20% expected increase. The Conference Board Consumer Confidence survey was weaker than expected, posting an 88.7 figure versus the 93.3 expected. Pending home sales for October rose 1.90%, eclipsing the mere 0.20% increase expected. October's federal budget "balance" was -\$284.4b, even more profligate than the -\$230.0b gap expected. For the week ending November 22<sup>nd</sup>, jobless claims came in at 216k, below the 225k figure expected. This week we expect ISM data such as manufacturing and new orders for November, September's housing starts, Im/Ex data, durable goods orders for September, September's construction spending, October PPI final demand, September's factory orders, ISM Services data, personal income and spending, and University of Michigan sentiment data. On the earnings front, 10 members of the S&P 500 announce this week, including customer relationship management software provider **Salesforce** and cybersecurity firm **CrowdStrike**.

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