Market Commentary Blog

Cash Flow *and Carey*

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This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance, while the S&P sector and subsector indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector or industry.

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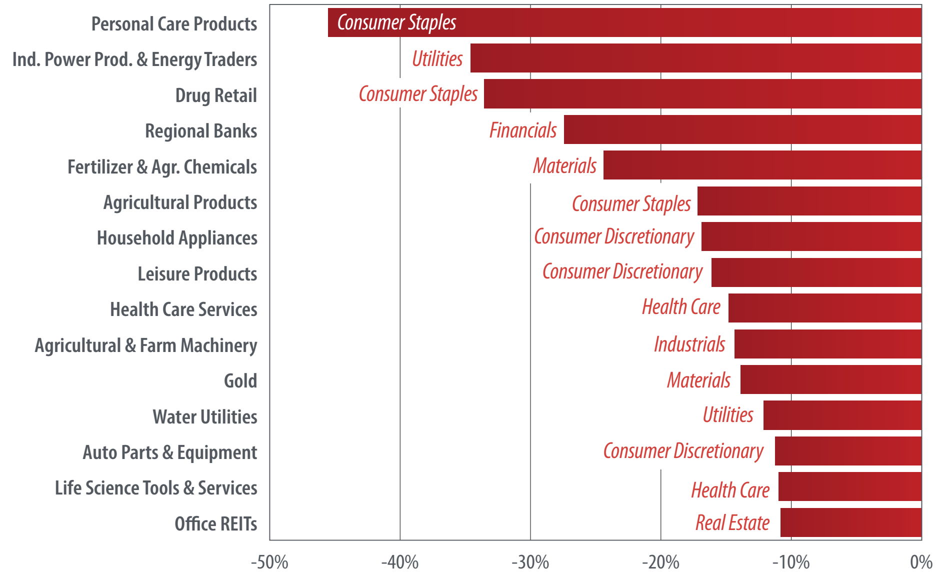
Worst-Performing S&P 500 Index Subsectors YTD (Thru 12/8)

Bottom 15 S&P 500 Index Subsector Total Returns (12/30/22 – 12/8/23)



Source: Bloomberg. **Past Performance is no guarantee of future results.**

View from the Observation Deck

Today's blog post is for those investors who want to drill down below the sector level to see what is not performing well in the stock market. The S&P 500 Index was comprised of 11 sectors and 125 subsectors as of 12/8/23, according to S&P Dow Jones Indices. The 15 worst-performing subsectors in today's chart posted total returns ranging from -10.79% (Office REITs) to -45.51% (Personal Care Products) over the period. Click here to view our last post on the worst performing subsectors.

- As indicated in the chart above, six of the 15 worst-performing subsectors came from the S&P 500 Index Consumer Discretionary and S&P 500 Consumer Staples sectors. Health Care, Materials, and Utilities were next, with two subsectors represented, respectively. Personal Care Products, a subsector of the Consumer Staples sector was the worst performer, posting a total return of -45.51% for the period.
- With respect to the 11 sectors that comprise the S&P 500 Index, Utilities posted the worst total return for the period, falling by 7.88%, according to data from Bloomberg. The second-and third-worst performers were Energy and Consumer Staples, with total returns of -4.05% and -2.90%, respectively. The S&P 500 Index posted a total return of 21.79% for the period.
- Notably, while three of the worst-performing subsectors in today's chart come from the S&P 500 Consumer Discretionary Index, the broader sector posted the third-highest YTD total return (37.41% through 12/8/23) of the 11 sectors that make up the S&P 500 Index.
- The most heavily weighted sector in the S&P 500 Index was Information Technology at 29.10% as of 12/8/23, according to S&P Dow Jones Indices. For comparison, the Financials sector was second-highest with a weighting of 12.93%.
- Of the 11 sectors that comprise the S&P 500 Index, Energy had the lowest estimated year-end price-to-earnings (P/E) ratio (10.90 as of 11/30/23), followed by Financials with a P/E ratio of 14.21.

Takeaway

The Consumer Discretionary and Consumer Staples sectors account for six of the fifteen worst-performing subsectors in today's chart. Year-to-date through 12/8/23, Utilities, Energy, and Consumer Staples have seen the worst total returns of the 11 sectors, having declined by 7.88%, 4.05%, and 2.90%, respectively over the period. As always, there are no guarantees, but there could be some potential deep value opportunities in this group of subsectors. For those investors who have interest, there are a growing number of packaged products, such as exchange-traded funds, that feature S&P 500 Index subsectors.