OBSERVATIONS: *Markets up, record oil production, Gas prices keep falling, and Q3 GDP revised higher.*

- Markets gain more ground in the final days of November and into December. For the week the S&P 500 rose +0.8%, small caps rose +3.1% and bonds (Bloomberg Aggregate Bond Index) rose +2.0%; capping off a strong November—see One More Thought.[1]
- US sales of new homes fell more than expected by -5.6% in October from the previous month to a seasonally adjusted annual rate of 679k units. The median selling price of a new home fell to $409,300, now down -17% from a year ago—though well above (+25%) pre-pandemic levels.[1]
- The US continues to produce oil at a record clip, now averaging 13.2 million barrels per day. Meanwhile, gasoline prices have now fallen for over 60 consecutive days to a national average of $3.25/gallon (as of 11/28/2023), marking an 11-month low and well below the $5.00/gallon mark reached in mid-2022—15 states are averaging less than $3.00/gallon.[1]
- Third quarter real GDP got an upward revision to an annualized rate of +5.2%, up from the advance estimate of +4.9% and higher than expectations of +5.0%. The better figure was primarily driven by upward revisions to nonresidential fixed investment and state and local government spending.[2]
- Initial unemployment claims—which reflects the activity during the week of Thanksgiving—suggest the labor market continues to be strong. Initial claims rose slightly to 218k from the previous week's 211k figure, but remains well below the level that would suggest the economy is no longer creating new jobs.[1]
- The headline personal consumption expenditure price index—the Fed's preferred measure of inflation—showed continued declines in inflationary pressures in November. The PCE price index fell to 3.0% year-over-year (YoY) down from Octobers 3.4% reading and core-PCE—which excludes food and energy—fell to 3.5% YoY down from the previous month's 3.7% YoY figure.[1]
- ISM Manufacturing survey came in below expectations in November landing at 46.7—any reading below 50 signals contracting activity—unchanged from October's figure.[1] Markets had been expecting the number to rebound closer to 50 as the UAW ended its strike in late October.

EXPECTATIONS: *Record spending expected this holiday season.*

- The holiday shopping season kicked off beating most expectations, by some measures at least. During the five day stretch between Thanksgiving and Cyber Monday a new record of 200.4 million consumers shopped surpassing last year's 196.7 million figure. The National Retail Federation now expects holiday season shopping (Nov-Dec) to reach a new record of $957-$967 billion—representing 3-4% growth from last year.[3]
- These relatively strong start to holiday shopping is a welcome sign for retailers, as October's real consumer spending report showed that shoppers pulled back modestly in October—real (inflation adjusted) spending for October grew by +0.2% month-over-month (MoM), which was well below September's increase of +0.7% MoM.[1]

ONE MORE THOUGHT: *Big November market rally for stocks and bonds.[4]*

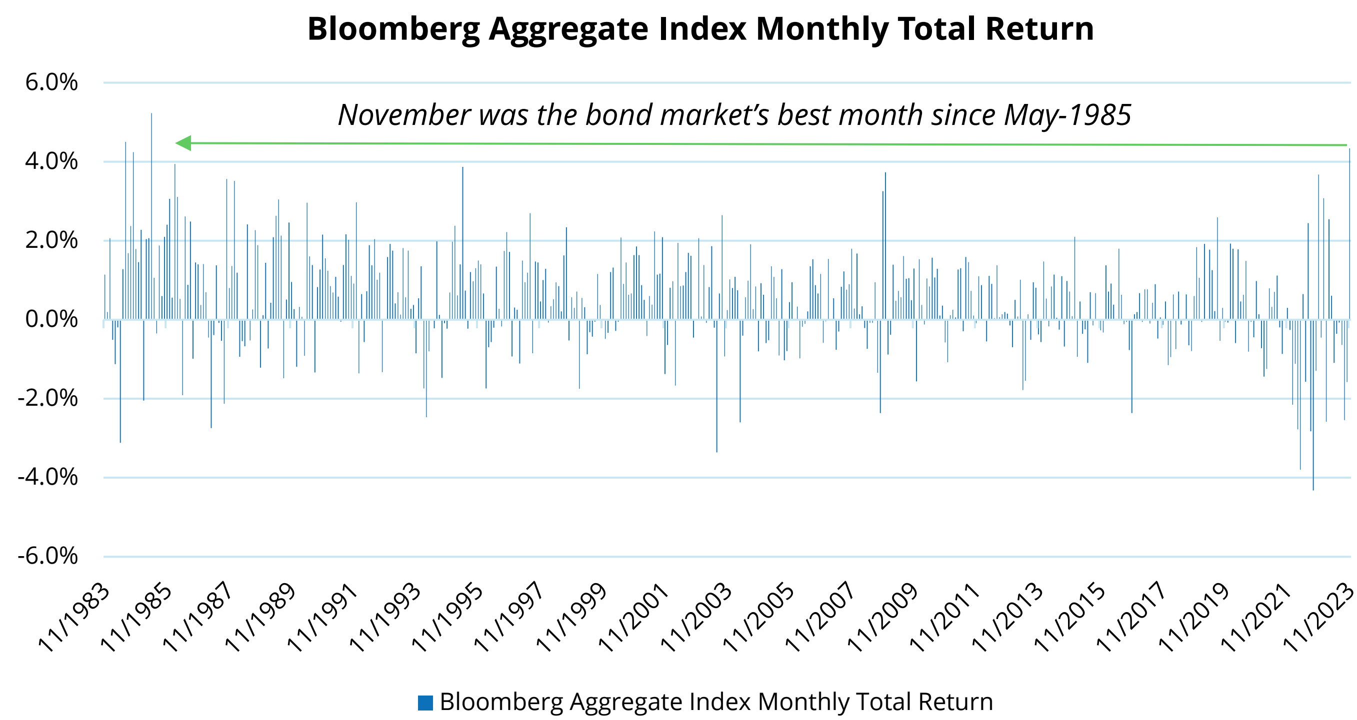
A few weeks ago, we noted that Q4 of the calendar year had been characterized by seasonal strength leading to gains for markets with a historical hit rate of the S&P 500 posting positive returns for the fourth quarter nearly 82% of the time (dating back to 1936) with an average gain of +4.5%. October threw cold water on that statistic as the

---

[1] *Bloomberg LP*
[2] *https://www.bea.gov/sites/default/files/2023-11/gdp3q23_2nd.pdf*
[3] *https://nrf.com/media-center/press-releases/thanksgiving-holiday-weekend-sees-record-number-shoppers. 11/28/2023*
[4] *Bloomberg LP, Clearstead, as of 11/30/2023*

S&P 500 declined -2.1% while the Russell 2000 (small cap stocks) fell -6.8% and the bond market (Bloomberg Aggregate Index) dropped -1.6% for October. Those losses were erased in November as the 'Fed is done' and soft-landing narratives gained increasing traction. November saw the S&P 500 and Russell 2000 gain +9.1% and +9.0%, respectively in the month (the second-best November for the S&P 500 since 1980). Meanwhile, falling interest rates—10-Yr US Treasury yield fell -60bps in November alone—sparked a rally in the bond market and the Bloomberg Aggregate Index jumped +4.5% in November (the index's best month since May-1985, see Chart of the Week). November's rally brings the fourth quarter to date's returns to +6.8% for the S&P 500, +1.6% for the Russell 2000, and +2.9% for the bond market—more in line with the historical seasonal patterns that we referenced for the S&P 500. Remarkably, the positive sentiment and market rally took the VIX index (aka fear gauge) to a post-Covid low in late November. Our target year-end range for the S&P 500 had been 4,000 to 4,500 and with the index trading just above those levels we are more cautious about this rally extending too much further beyond 4,600 for the S&P 500 index in the final weeks of this quarter and year. *Our full 2024 outlook will be in January's ClearPoint.*

CHART OF THE WEEK



Source: Clearstead, Bloomberg LP, Bloomberg Aggregate Total Return Index, as of 11/30/2023

Aneet Deshpande, CFA
Chief Strategist
Clearstead

Dan Meges
Senior Managing Director of Equity
Clearstead