

NOVEMBER 20, 2023

Weekly Wire

Happy Thanksgiving

By Rusty Vanneman, CMT, CFA, BFA™

Last week was another strong week for the markets. At this point, we are off to a great start for the fourth quarter. Given how turbulent the world has been this year, it is no doubt that many investors feel that this year's overall stock market's return (so far) has been a pleasant surprise. Also, given how sharply interest rates have risen this year, did you know that the overall bond market (defined by the Bloomberg Aggregate Index) is now up for the year and over the last 12 months?

What is remarkable about the price action this year, however, is that despite all the notable and historic economic and geopolitical events, if you just knew the typical seasonal pattern for the US stock market, then you already had a good idea of how the year would play out. In fact, according to BeSpoke Investments, this year's price action has strongly tracked average year since WWII. The good news is that if the seasonal pattern continues, expect the current rally to last into year-end.

Indeed, the price chart for the stock market looks the best it has in months, at least since prices dropped from the price highs from last July. [Technically speaking](#), the ball is back in the bulls' hands. There are some other markets' charts that point the other direction though, but all of those suggest more good tidings (all else being equal) for the stock market: [lower interest rates](#), [lower energy prices](#) (though prices did pop higher late last week), and a [lower US dollar](#). As for the latter, it did lose ~1.5% last week and is now down nearly 2% over last year.

Of course, a positive for the stock and bond markets last week was investors' response to the slightly better than expected inflation data. For example, the core Consumer Price Index (CPI) came in at 4.0%, which was below the 4.1% expectation. However, [consumer prices were up 4.4%](#) at an annualized rate in the last three months. In short, inflation data continues to improve, but the battle has not been won yet. On that point, one sticking point for inflation not falling faster is due to shelter costs. According to [to data](#) from the real estate firm Zillow, seasonally adjusted housing prices and rents both rose last month.

As for this week, it is a light week of economic data due to the holiday. The US Leading Economic Indicators report comes out early in the week followed by some housing data and durable goods. Currently, according to [GDPNow from the Atlanta Fed](#) Q423 GDP is projected to be 2.0% after inflation.

Again, Happy Thanksgiving. There is so much to be grateful for. As investors, we are grateful we live in a world full of opportunities, growth, and innovation. We are hoping you have a safe and joyous holiday.

Key Economic Data Last Week

Data Point	Expectation	Actual
Consumer Price Index (CPI) YoY	3.3%	3.2%
Core CPI YoY	4.1%	4.0%
Producer Price Index (PPI) YoY	-	1.3%
Core PPI YoY	-	2.9%
US Retail Sales	-0.1%	-0.1%
Housing Starts	1.35M	1.37M

Source: MarketWatch, First Trust

Key Economic Data This Week

Data Point	Expectation	Release Date
US Leading Economic Indicators	-0.7%	11/20/2023
Existing Home Sales	-1.5%	11/21/2023
Durable Goods	-3.5%	11/22/2023

Source: MarketWatch



Mind Over the Market

"Passion changes predictability. Emotion can make you a stranger to your own rules. Hit the brakes, select the right gear, and then go."

The Behavioral Investor, Dr. Daniel Crosby



Trivia

In 2022, how much did the average Thanksgiving dinner cost per person?

[\\$64.05 according to The American Farm Bureau Federation](#)