Monthly Mosaic | December 1, 2023

Perspective

November was littered with positive news bolstering markets through the month. The month opened with the Fed leaving rates unchanged in consideration of lightened inflation concerns. While there was softness in some economic indicators, October's CPI numbers came in lower than expected reassuring investors that the Fed was likely done with their current rate hike cycle. As the holiday retail sales picked up, retailers cited flat or declining prices as a result of a general decline in price of goods along with improved supply chains. Closing out the month with 3rd quarter GDP growth at 5.2% was contrary to consensus expectations. As earnings season comes to a close, we saw mild growth across the market as a result of a significant reduction in revenue for the Energy and Materials sectors as a result of softening price pressure.

With the strong market performance in November the S&P 500 is within 5% of the January 3, 2022 high of 4,796. While we are within vision of an end to the current Bear market cycle, there are no standard models as to how these cycles behave. The drawdown of 25% over nine months is relatively modest in comparison to past bear markets and while we are 13 months into the "recovery", that is longer than would be anticipated in consideration of the modest magnitude of the past drawdown.

Keep in mind that markets perform best in an environment of certainty. With the 2024 elections approaching, it is hardly an environment for certainty. While many voters believe party leadership impacts market performance, this assumption is largely a fallacy. In fact, there is no discernible difference of market performance based on party leadership with the exception that markets tend to prefer shared power in Washington. With this in mind, it is not necessarily the outcome that will drive market performance but the path toward the final election outcome. The primaries which begin in January tend to be a period of mudslinging and disruption. As candidates jockey for primary voters, they take on positions related to pharma prices, green initiatives, equitability, taxation and the list goes on. As candidates are vetted and platforms solidified, certainty reenters the election cycle as November approaches. This period of uncertainty will undoubtedly create opportunities for investment as sectors are impacted by candidate initiatives with the markets eventually returning to a steady state growth environment.

Monthly Recap

- Federal Reserve left Fed Funds Rate unchanged at 5.5%
- President Biden along with US business leaders met with Chinese President Xi Jinping to reopen dialog between the two World Powers.
- Third quarter GDP growth reported at 5.2% above expectations.
- October CPI reported at 3.2% and core CPI was down to 4.0% both below expectations.

Markets

Market Indices	MTD %	YTD %	1-Year %
	Total Return as of: 11/30/2023		
S&P 500 Index	9.13%	20.79%	13.81%
NASDAQ Composite	10.83%	37.00%	25.14%
Russell 2000 Index	9.03%	4.14%	-2.62%
MSCI EAFE Index	9.40%	11.83%	11.28%
MSCI Emerging Markets	8.00%	5.69%	4.21%
BBG US Aggregate Bond	4.53%	1.64%	1.18%
WTI Crude Oil	-6.25%	-5.36%	-5.70%
Gold	2.65%	11.64%	15.15%

Interest Rates

	Close 11/30	Prior Month	Year Ago
Fed Funds Target	5.50%	5.50%	4.00%
6-Month US Treasury	5.40%	5.57%	4.68%
2-Year US Treasury	4.68%	5.09%	4.31%
10-Year US Treasury	4.32%	4.93%	3.60%

The Month Ahead

December 8th
Unemployment Rate & Average Workweek Report

December 12th
Treasury Budget & Consumer Price Index Report

December 13th
FOMC Rate Decision & Procedure Price Index Report

December 21st
3rd Quarter GDP (Third Reading) & Leading Indicators Report

December 22nd
Personal Consumption Expenditures Price Index & Personal Savings/Income Report

Questions?

Your Wealth Management team is here to answer.

Richard Gartelmann, CFP®
(630) 844-5730
rgartelmann@oldsecond.com

Steve Meves, CFA
(630) 801-2217
smeves@oldsecond.com

Brad Johnson, CFA, CFP®
(630) 906-5545
bjohnson@oldsecond.com

Jacqueline Runnberg, CFP®
(630) 966-2462
jrunnberg@oldsecond.com

Mike Cava, CFA, CFP®
(630) 281-4522
mcava@oldsecond.com

Travis Buoy
(630) 906-5488
tbuoy@oldsecond.com

Yamilet Suarez
(630) 844-8633
ysuarez@oldsecond.com

Amy Lynch
(630) 906-5478
alynch@oldsecond.com
