

## At-A-Glance

The S&P 500 advanced over 9%, notably its second-best November performance since 1980.

The Dow Jones Industrial Average rallied over 2,898 points (+9.15%) last month finishing November at a new high for the year. The Dow-30 is up 10.72% YTD.

The Nasdaq Composite surged 10.83%, its strongest monthly gain since July 2022. The tech-heavy index has surged 37.00% YTD, ending the month just 1% below its 2023 high on July 19.

The Bloomberg U.S. Government Index gained 3.44% last month (+0.73% YTD), while their longer-duration U.S. Government Long Index surged 9.14%, trimming its YTD loss to 5.05%.

Bloomberg's Commodities Index fell 2.25% in November, widening its YTD loss to 5.37%.

Among top performing commodities last month, silver surged 11.80% (+6.74% YTD) and gold gained 3.15% (+12.65% YTD). U.S. crude oil ended November at \$75.96/barrel, down 6.25% for the month (-5.36% YTD).

# MONTHLY RECAP

## November 2023 Recap

Market Indices <sup>1</sup>	November	Year-to-Date
S&P 500	9.13%	20.80%
Russell 3000	9.32%	19.61%
Russell 2000	9.05%	4.20%
MSCI EAFE	9.28%	12.27%
MSCI Emerging Markets	8.00%	5.70%
Bloomberg U.S. Aggregate Bond	4.53%	1.64%
Bloomberg U.S. Municipal Bond	6.35%	3.98%
Bloomberg U.S. Corporate High Yield	4.53%	9.37%

<sup>1</sup>FactSet (all equity performance is total return, which includes dividends).

All three major U.S. equity indices delivered their strongest monthly gains of the year, respectively ending a string of three straight monthly declines. The S&P 500 more than fully recouped its 8.45% August through October loss, boosting its YTD gain back above 20%, and ended November just 4.8% below its all-time high on January 3, 2022. The powerful November rally was fueled by growing optimism that the Federal Reserve will likely refrain from further interest rate hikes and begin easing rates next year.

In November-released economic data that led the equity sentiment change, October payroll gains came in weaker-than-expected at 150,000 while hiring for the prior two months were downwardly revised by 110,000. Consumer spending rose moderately in October while continuing jobless benefits claims were most recently at the highest level since November 2021. Moreover, the Fed's preferred measure of inflation, the core PCE price index that excludes volatile food and energy, climbed 3.5% Y/Y in October, the smallest annualized increase in 2 ½ years.

November's equity gains were accompanied by a strong bond market rally that sent the yield on benchmark 10-year Treasury notes down to 4.35% from just over 5% in late October, its biggest monthly decline since 2019. Bond prices rise as yields decline. Wall Street optimism was also piqued by improved corporate earnings. With the third quarter earnings season virtually complete, Q3 earnings per share (EPS) for S&P companies is now projected to have risen 2.9% from a year ago versus an initial consensus forecast for a 1.0% Y/Y decline. The full-year 2023 EPS forecast for S&P 500 companies is expected to contract by just 0.3% before climbing 11.1% in 2024.

Favorably, as widely expected, on November 1<sup>st</sup> the Federal Reserve kept its key policy interest rate at 5.25%-5.50% for the second straight meeting, marking its third rate pause this year. During the final week of November Federal Reserve Governor Waller said he is increasingly confident that policy rates are "well-positioned to slow the economy" and get inflation back toward the Fed's 2% target. CME-futures markets are currently pricing in a near-0% chance of a December rate hike, while expectations around 2024 rate cuts also accelerated.

As shown below, all styles and sizes posted gains on a monthly and YTD basis. Mid cap companies outperformed both large and small caps for the month, while large caps dominated in YTD performance. Growth widely outshined their value counterparts in both periods. In standout YTD performance, large cap growth outperformed value by over 31%.

November Returns				YTD Returns			
	Value	Blend	Growth		Value	Blend	Growth
Large Cap	7.54%	9.34%	10.90%	Large Cap	5.61%	20.58%	36.63%
Mid Cap	9.43%	10.23%	12.20%	Mid Cap	4.57%	8.82%	17.00%
Small Cap	9.00%	9.05%	9.10%	Small Cap	1.96%	4.20%	5.97%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which includes dividends. Investors cannot invest directly in indexes. Data as of 11/30/2023.

Ten of the 11 S&P 500 sector groups posted outsized gains in November, with Energy (-1%) the lone laggard. As mentioned, monthly sector leadership was led by Technology and REITs while Financials outperformed Consumer Discretionary (+10.91%) by a whisper. A resurgence of AI (artificial intelligence) investing helped realign Technology back to the top performing sector of 2023 while an 8.8% monthly gain for Industrials lifted its YTD gain to 10.39%.

Top Sector Performers – November <sup>1</sup>	Bottom Sector Performers – November <sup>1</sup>
Technology (+12.87%)	Utilities (+5.17%)
Real Estate (+12.46%)	Consumer Staples (+4.06%)
Financials (+10.92%)	Energy (-1.00%)
Top Sector Performers – YTD <sup>1</sup>	Bottom Sector Performers – YTD <sup>1</sup>
Technology (+52.02%)	Consumer Staples (-2.10%)
Communication Services (+48.66%)	Healthcare (-2.15%)
Consumer Discretionary (+34.22%)	Utilities (-8.83%)

<sup>1</sup> FactSet (all S&P 500 sector performance percentages are total return based, which include reinvested dividends)

Foreign developed equity markets also rallied with the MSCI EAFE Index (representing developed markets outside of the U.S. and Canada) slightly outperforming the S&P 500 in November by 0.15%. On a YTD basis however, the MSCI EAFE is trailing the U.S. benchmark by 8.5%. Emerging markets also rebounded in November, up 8% for the month, more than fully erasing its 4% October decline.

Turning to fixed-income markets, as discussed, the benchmark 10-year Treasury note yields fell sharply to 4.35% down from briefly reaching above 5% for the first time since 2007 in late October. With prices climbing as yields decline, the longer-duration Bloomberg index of U.S. Government long-term bonds performed best last month, returning 9.14%.

On a broader basis, investment-grade bonds of all types, as measured by the Bloomberg U.S. Aggregate Bond Index, rose 4.53% in November, its biggest monthly gain since 1985. Bloomberg's U.S. High Yield Bond Index, representing holdings of below investment-grade (junk-rated) corporate bonds, also rose 4.53% last month, extending its YTD gain to nearly 9.4%. Lastly, Municipal bonds outperformed with a 6.35% November gain that turned muni's positive for the year (+3.98% YTD).

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](#) on Twitter.



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### **Glossary**

The **Bloomberg Barclays Capital U.S. Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S.

markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multi-currency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973.

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

The **Cboe Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

**West Texas Intermediate (WTI)** is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.