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ECONOMIC REVIEW¹

- The Consumer Price Index (CPI) was unchanged in October on a seasonally adjusted basis, after increasing 0.4 percent in September.
 - The headline figure for CPI dropped to 3.2% year-over-year, slightly lower than the 3.3% forecast. The core CPI reading came in at 4.0%, just below the 4.1% forecast.
- The Producer Price Index (PPI) was down 0.5% month-over-month in October, lower than the expected 0.1% increase.
 - Headline PPI decelerated to 1.3% year-over-year, down from last month's 2.2% yearly increase and below the forecast of 1.9%.
 - Core PPI (excluding food and energy) for final demand was unchanged from last month, lower than the expected 0.3% increase. Core PPI decelerated to 2.4% year-over-year from last month's 2.7% yearly increase and was below the forecast of 2.7%.
- Retail Sales report for October revealed a 0.1% decrease in headline sales compared to September, marking the first month consumers have pulled back their spending since March 2023. Retail Sales are still up 2.48% from a year ago.

How do inflation readings and retail sales data impact you?

- After increasing in September, both CPI and PPI fell in October. In fact, the 0.5% drop in PPI was the largest drop since April 2020. Lower inflation readings gave investors hope that the worst of the price pressures may be behind us. As a result, an aggressive rally on Wall Street ensued – sentiment is improving around the notion the Federal Reserve is done raising interest rates and may potentially begin cutting in the first half of 2024.
- Instead of focusing on the headline retail sales number, it is important to dig into the components of the reading. For example, spending at gasoline Stations was down 7.5% from last year, while non-store retailers (e-commerce) spending was up 7.6% from last year.²
- The details reveal that retail sales were dragged down by lower gas prices, which is a good thing, allowing consumers to pay less at the pump and have more to spend on holiday shopping. In fact, consumers are expected to spend between \$957.3 billion and \$966.6 billion this holiday season.³



A LOOK FORWARD¹

- We have a shortened trading week with markets closed for Thanksgiving on Thursday and only open for half the day on Friday.
- A quieter week for economic data, highlighted by the October reading for the Leading Economic Index (LEI) as well as initial jobless claims.

How does the Leading Economic Index data impact you?

- (LEI) fell for the 18th consecutive month in September as future economic weakness looms. On average, there are usually 10.6 months between a peak in LEI and a recession. We are currently 21 months beyond the 2021 peak and taking less direction from each successive LEI reading.
- The number of Americans filing new claims for unemployment benefits increased to a three-month high last week, so any further increase this week could be proof that the labor market is cooling.



MARKET UPDATE⁴

Market Index Returns as of 11/17/2023	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	2.31	5.51	19.29	15.74	9.87	12.45
NASDAQ	2.42	6.98	35.98	27.82	7.00	15.27
Dow Jones Industrial Average	2.06	4.60	7.46	5.80	8.06	8.91
Russell Mid-Cap	3.72	2.60	6.61	3.96	5.10	8.48
Russell 2000 (Small Cap)	5.49	0.90	3.46	-1.26	1.86	4.72
MSCI EAFE (International)	4.50	3.61	10.95	12.34	3.64	5.71
MSCI Emerging Markets	2.99	2.60	4.47	6.34	-4.48	2.28
Bloomberg US Agg Bond	1.37	1.77	0.54	1.34	-4.70	0.53
Bloomberg High Yield Corp	0.88	1.85	7.81	8.29	1.13	3.88
Bloomberg Global Agg	1.93	2.49	0.23	1.38	-6.65	-0.99



OBSERVATIONS

- The major averages each notched their third straight positive week. The S&P 500 added 2.31%, while the Nasdaq jumped 2.42%. The Dow closed the week with a 2.06% advance. This is the first three-week win streak for the Dow and S&P 500 since July and the first since June for the Nasdaq.
- Market performance improved as market capitalization decreased over the last week, with Mid-Cap stocks rising +3.72% and Small Caps increasing +5.49%.
- Both Developed International and Emerging Markets outperformed domestic stocks on the week increasing +4.50% and 2.99% respectively.
- The 10-year Treasury yield ended the week at 4.43%, down from 4.63% a week prior (bond prices move inversely with yields). As a result, the Bloomberg Agg bond index returned 1.37%



BY THE NUMBERS

- **Business is Booming:** Vegas was deemed the wedding capital of the world in 1953, and business has stayed brisk in the ensuing 70 years. Originally advantageous for the state's laissez-faire attitude toward things like blood tests and waiting periods and a municipal penchant for speed, the industry remains robust, and the wedding industry alone was responsible for \$2.5 billion of the \$80 billion Vegas hit in tourist spending in 2022, with some 100 chapels and 18,000 workers in the Clark County wedding business alone. The Clark County Marriage License Bureau averages 219 licenses a day to couples and is open from 8 a.m. to midnight.⁵
- **Cheap Food and Big Profits:** Nissin Foods, which has a 40 percent market share in the instant ramen segment in the U.S., will spend \$228 million to expand in the United States, buying up a 640,000-square-foot facility in South Carolina to add on to its production centers in California and Pennsylvania. Ramen continues to grow in the U.S., and Nissin has logged double-digit growth for all of the past four quarters, reaching a 27 percent increase in sales year over year in the first quarter of 2023.⁶
- **Thanksgiving Spending:** Food prices aren't rising at the same rapid clip as last year. Consumers are estimated to spend about 2% more on Thanksgiving dinner this year, compared with a 14% increase last year, according to market research firm Circana. Turkey and eggs are much cheaper than a year ago, while some baking ingredients, such as sugar, are a bit pricier. Many of the factors that sent food inflation soaring since 2022 have abated. Commodity prices for staples such as wheat, corn, and some cooking oils that soared after Russia's invasion of Ukraine at the start of 2022 have declined.⁷

Economic Definitions

Conference Board Leading Economic Index: Leading indicators include economic variables that tend to move before changes in the overall economy. These indicators give a sense of the future state of an economy.

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Initial Jobless Claims: Initial unemployment claims track the number of people who have filed jobless claims for the first time during the specified period with the appropriate government labor office. This number represents an inflow of people receiving unemployment benefits.

Producer Prices (headline and core): PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market)..

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US 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 securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate 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. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal 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.

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¹ Data obtained from Bloomberg as of 11/17/2023.

² <https://www.advisorperspectives.com/dshort/updates/2023/11/15/retail-sales-fall-october-2023>

³ <https://nrf.com/media-center/press-releases/nrf-economist-says-2023-holiday-sales-will-have-whole-new-set-dynamics#:~:text=NRF%20expects%20record%20spending%20during,%24957.3%20billion%20and%20%24966.6%20billion.>

⁴ Data obtained from Morningstar as of 11/17/2023.

⁵ <https://www.nytimes.com/2023/11/12/style/las-vegas-weddings.html>

⁶ <https://www.foooddive.com/news/ramen-noodle-maker-nissin-foods-expansion-esg-plant/699621/>

⁷ https://www.wsj.com/economy/consumers/breaking-down-your-thanksgiving-costs-b008b310?mod=economy_lead_pos5

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