Monthly Newsletter November 2023

ARCH GLOBAL ADVISORS

Monthly Market Recap

Halloween was not the only thing that was spooky this October. The markets have continued to see more volatility with both the S&P 500 and the NASDAQ falling into correction. The 10-year treasury yield also hit 5%, which hasn't happened since right before the Great Financial Crisis. Overall, for October the S&P 500 declined by -2.1%, the DJIA also decreased by -1.3% and the NASDAQ moved lower by -2.8%.

Congress averted a government shutdown going into October with stopgap funding, ousting Kevin McCarthy. To resolve the issue before November 17th and keep the government funded, Mike Johnson was recently elected as the new speaker of the House. Geo-political tensions also significantly increased this month with the outbreak of war between Israel and Hamas.

The unemployment rate of 3.8% for September, went unchanged from August. For 20 months in a row the unemployment rate has remained below 4%, which is the longest period in 50 years. Jobs added in September exceeded expectations by almost double the amount, posting the largest monthly gain since January, and marking the 33rd consecutive month of job growth in the U.S. This data confirms the economic stamina, labor market vitality, and the overall hardiness of the economy as it currently faces a variety of challenges.

Inflation also remained unchanged in September, with CPI rising 0.4% for the month and 3.7% from a year ago. However, these numbers were above the respective forecast, rising more than expected and creating volatility in the markets. A major contributor to these increases has once again been a surge in pricing of both energy and shelter. Excluding these two factors, Core CPI fell to an annual rate of 4.1% in September from 4.3% in August.

Earnings season has officially started for Q3, with about 50% of companies in the S&P 500 that have reported so far. Earnings have been coming in better than expected with 80% of companies beating estimates. Companies are assuming that a slow-down will come, but if the economy continues its current path, the earnings trajectory for 2024 is higher pointing to more growth.

Going into November we hope to see a recovery in the markets but plenty of factors have been driving the markets lower, one being the Fed and their intention of keeping interest rates higher for longer to conquer inflation. The expectation is that rates will eventually slow the economy but at this point jobs are plentiful, wages are higher, inflation is lower, retail sales data doubled expectations and there is resiliency in the labor force. For now, consumer spending is healthy, and the economy is still running strong, which is something to be thankful for this holiday season.

	Index Return %	
Equities	**MTD**	**YTD**
S&P 500	-2.1%	10.7%
Russell 3000	-2.7%	9.4%
Nasdaq	-2.8%	23.6%
Dow Jones	-1.3%	1.4%
Fixed Income		
US Aggregate	-1.6%	-2.8%
US Corporate High Yield	-1.2%	4.6%

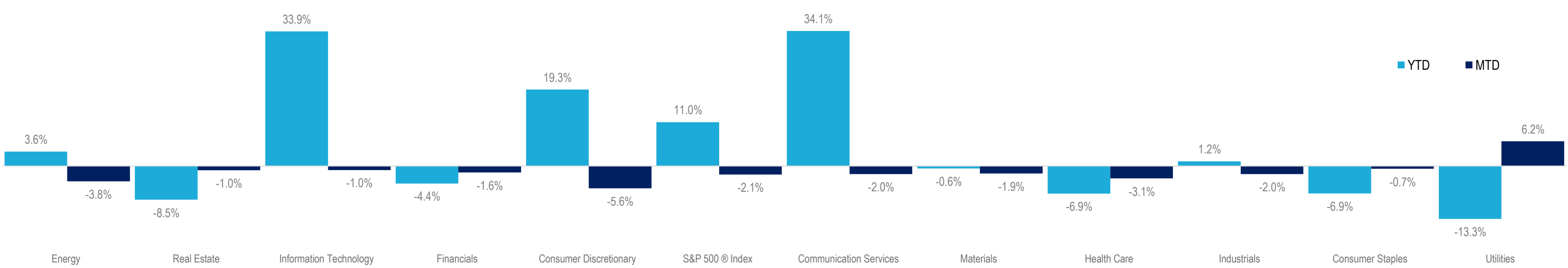
	Rate %
Economic Metrics	**Sep-23**
US Unemployment Rate	3.80%
US Inflation Rate	3.70%

	Levels	
Commodities	**Sep-23**	**Oct-23**
Oil (WTI)	90.77	83.03
Gold	1,870.50	1,982.90
DowJ. Commodity Index	1,002.86	997.69

	Rate %	
Interest Rates	**Sep-23**	**Oct-23**
10 Year Treasury Rate	4.59%	4.88%
30 Year Treasury Rate	4.73%	5.04%
30 Year Mortgage Rate	7.31%	7.79%
US Corp. AAA Effective Yield	5.30%	5.56%

All numbers reported are as of October 31 2023

Major Economic Events	Date
Employment Situation	3-Nov
Inflation Rate	14-Nov
FOMC Meeting	13-Dec



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Sources	
S&P 500 Performance	https://ycharts.com/indices/%5ESPXTR/level
Russell 3000 Performance	https://ycharts.com/indices/%5ERUATR/level
Nasdaq Performance	https://ycharts.com/indices/%5ENA100TR/level
Dow Jones Performance	https://ycharts.com/indices/%5EDJITR
US Aggregate Performance	https://ycharts.com/indices/%5EBBUSATR
US Corporate High Yield Perfori	https://ycharts.com/indices/%5EBBUSCOHYTR
US Unemployment Rate	https://ycharts.com/indicators/us_unemployment_rate
US Inflation Rate	https://ycharts.com/indicators/us_inflation_rate
10 Year Treasury Rate	https://ycharts.com/indicators/10_year_treasury_rate
30 Year Treasury Rate	https://ycharts.com/indicators/30_year_treasury_rate
30 Year Mortgage Rate	https://ycharts.com/indicators/30_year_mortgage_rate
US Corp. AAA Effective Yield	https://ycharts.com/indicators/us_coporate_aaa_effective_yield
European Markets Performance	https://russellinvestments.com/middle-east/global-market-outlook#ColorBoxesRoot_5c2d1932-eb2f-4ad5-a377-5c496b847736
Sectors & Industries Performan	https://ycharts.com
Dow Jones Commodity Index	https://ycharts.com/indices/%5EDJC
Gold Price	https://ycharts.com/indicators/gold_price_in_us_dollar
Crude Oil Price	https://ycharts.com/indicators/wti_crude_oil_spot_price