Los Angeles, California

Market Update

Quick Hits

1. **Report releases:** Existing home sales fell to their lowest level since 2010.
2. **Financial market data:** Nvidia stock fell despite strong earnings as China restrictions remained in focus.
3. **Looking ahead:** This week, we expect data on new home sales, consumer confidence, and personal spending.

Report Releases: November 20–24, 2023

Existing Home Sales
October
(Tuesday)

Existing home sales fell more than expected in October, bringing the annualized rate of sales to its lowest level since 2010. High prices, limited supply, and high mortgage rates were headwinds for prospective homebuyers.
- Expected/prior month existing home sales monthly change: −1.5%/−2.2%
- Actual existing home sales monthly change: −4.1%

Federal Open Market Committee (FOMC) Meeting Minutes
November
(Tuesday)

The minutes from the Federal Reserve's (Fed's) November meeting showed that central bankers remain committed to combating inflation through a higher-for-longer interest rate environment. The release of the minutes did not meaningfully change market

Preliminary Durable Goods Orders
October
(Wednesday)

Headline durable goods orders fell more than expected in October, due in large part to a drop in volatile, non-defense aircraft orders. Core orders, which strip out the impact of transportation orders, were flat.
- Expected/prior durable goods orders monthly change: −3.2%/+4%
- Actual durable goods orders change: −5.4%
- Expected/prior core durable goods orders monthly change: +0.1%/+0.2%
- Actual core durable goods orders change: +0%

University of Michigan Consumer Sentiment Survey
November
(Wednesday)

Consumer sentiment increased modestly in November.
- Expected/prior month consumer sentiment survey: 61/60.4
- Actual consumer sentiment survey: 61.3

>> The Takeaway

- Durable goods were lower than expected as a drop in aircraft orders led to underlying volatility.

- Existing home sales remained weak; homeowners who locked in rates below current rate levels have little incentive to sell.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	1.02%	8.88%	20.52%	15.14%
Nasdaq Composite	0.90%	11.00%	37.20%	28.03%
DJIA	1.29%	7.30%	8.84%	5.27%
MSCI EAFE	1.06%	9.13%	12.12%	11.13%
MSCI Emerging Markets	0.47%	7.25%	4.96%	6.93%
Russell 2000	0.56%	8.89%	4.05%	−1.75%

Source: Bloomberg, as of November 24, 2023

U.S. equity markets moved slightly higher in a light week of trading because of the Thanksgiving holiday. The major news was the release of Nvidia's earnings on Tuesday. The stock dropped more than 3 percent despite beating its sales guidance of $16 billion by 13.3 percent for the quarter and beating earnings expectations of $4.02 per share by 19.3 percent. The company raised its sales guidance for next quarter by 13.7 percent, to $20.4 billion. The underwhelming reaction was attributed to uncertainty around sales to China amid growing U.S. chip export restrictions.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	3.31%	0.46%	0.20%
U.S. Treasury	2.49%	−0.29%	−0.49%
U.S. Mortgages	3.76%	−0.68%	−1.05%
Municipal Bond	4.68%	2.35%	3.25%

Source: Bloomberg, as of November 24, 2023

Bond markets were relatively calm in a light week of trading. Given FOMC comments reiterating a higher-for-longer rate approach, the front of the yield curve lifted. The 2-year and 10-year Treasury yields rose 11.3 basis points (bps) and 2.7 bps, respectively, whereas the 30-year fell 1.9 bps.
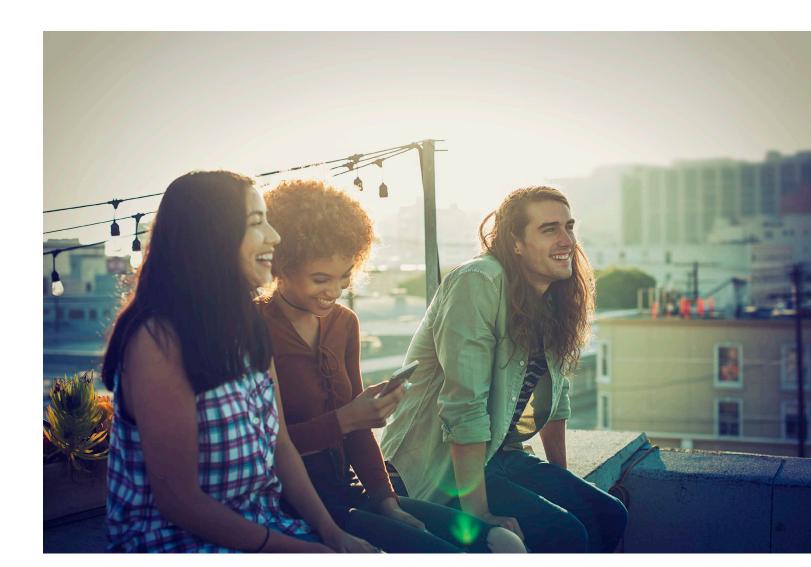
>> The Takeaway

- Nvidia stock fell despite strong earnings and guidance.
- Treasuries lifted slightly on the front end because of the FOMC's higher-for-longer rate stance.
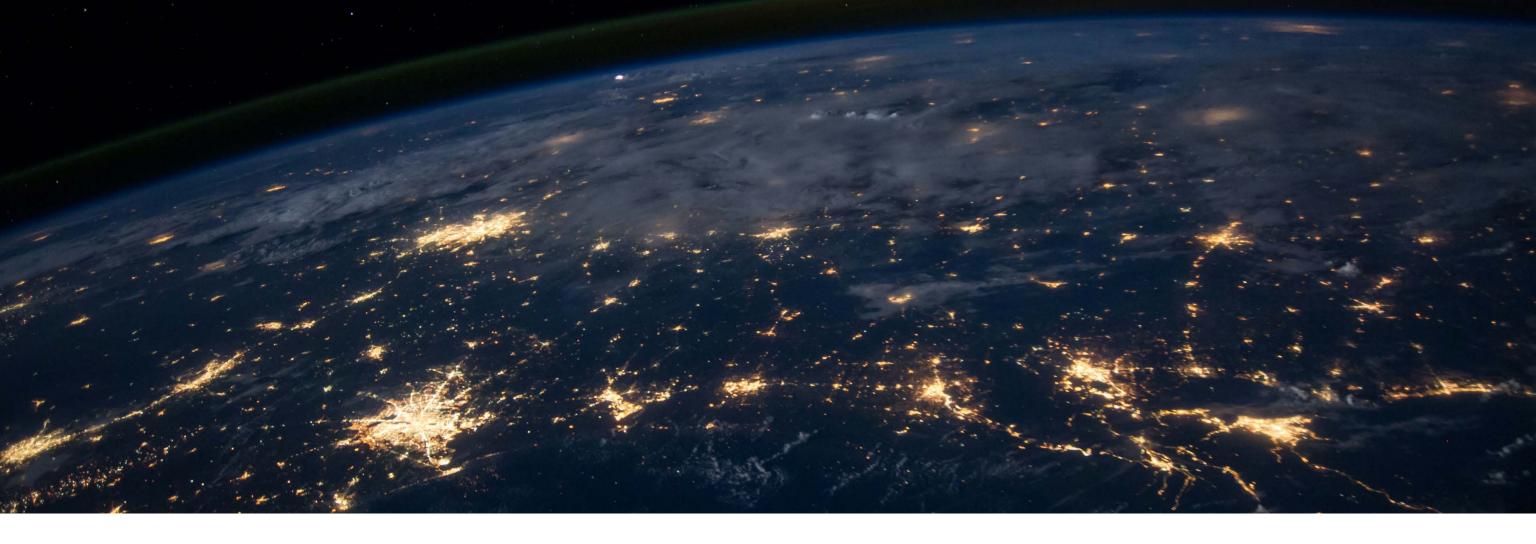
Looking Ahead

Economic data will be skewed toward consumers and spending this week as the holiday season kicks off. New home sales, consumer confidence, and personal spending reports are expected.

- The week kicks off Monday with the release of **new home sales** for October. Economists expect a 4.8 percent drop as mortgage rates continue to be a headwind for prospective homebuyers.

- On Tuesday, the **Conference Board Consumer Confidence Index** for November will be released. Consumer confidence is expected to fall for the fourth consecutive month.

- **Personal income and spending reports** for October, set to be released Thursday, may provide additional context regarding what to expect for the holiday season. Personal income and spending are each set to rise 0.2 percent after increasing more than expected in September.

- Finally, the week will wrap on Friday with the **ISM Manufacturing index** for November. Manufacturer confidence is expected to improve, in part due to the successful resolution of UAW strikes at the end of October.

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