

MARKET VIEW WEEKLY

Ladenburg Asset Management



ECONOMIC REVIEW¹

- Labor market data was in the spotlight this week, with both October's JOLTS (Job Openings and Labor Turnover Survey) and November's Jobs Report (Employment Situation Summary) released.
- Job openings fell for the third straight month, decreasing 617,000 to 8.7 million, marking the lowest level since March 2021. Market consensus was a much firmer 9.3 million.
 - Job openings have come down significantly from a record high of 12 million in March 2022, though they still remain more elevated than before the pandemic began.
 - Gross hires were 5.9 million, with separations of 5.6 million. The hiring rate has declined from its pandemic peak in a sign that demand for new workers has softened and the hiring boom needed to replace departing workers has slowed.
 - Job quits also fell, although only slightly, down to 3.6 million.
 - Last year, the number of people quitting jobs climbed as high as 4.5 million.
 - The number of job openings for each unemployed worker dropped again to 1.3 last month from 1.5 in September.
- In the Jobs Report, November nonfarm payrolls rose to 199,000, beating the consensus view of 185,000.
 - The latest figure was above October's 150,000 reading, but below the 12-month average of 240,000.
 - The net 2-month revisions were down -35,000 for November.
 - The unemployment rate fell slightly, back down to 3.7%, a four-month low.
 - Average hourly earnings rose 0.4%, the fastest rate since July. On a year-over-year basis, wages are up 4%.

How do the JOLTS and Jobs Report data impact you?

- Data in the JOLTS report shows that the labor market is not quite as strong (tight) as seen in 2021 and 2022.
 - Openings are declining and hiring is decelerating, while quits, which jumped higher during the pandemic recovery, are seeing a notable moderation.
- November's Jobs Report data was stronger than expected but not indicative of an overheating economy.
 - The Federal Reserve views these data points as evidence that higher interest rates are slowing the economy and easing the demand for labor.



A LOOK FORWARD¹

- We have an incredibly active week upcoming in economic news, highlighted by the Fed's next rate decision, inflation data (CPI and PPI), and retail sales.

How do the Fed decision, inflation data, and retail sales impact you?

- It's expected that the Fed will hold rates steady at 5.25-5.50%², consumer prices are likely to inch up after coming in unchanged last month, and retail sales may be facing a second consecutive month of declines.
 - Evidence for peak rates is piling up, although the Fed will likely remain hawkish through early next year.



MARKET UPDATE³

Market Index Returns as of 12/08/2023	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	0.24%	7.73%	21.81%	18.98%	9.54%	13.76%
NASDAQ	0.70%	9.14%	38.73%	32.01%	6.12%	16.63%
Dow Jones Industrial Average	0.04%	8.75%	11.72%	10.64%	8.62%	10.61%
Russell Mid-Cap	0.01%	6.71%	10.88%	8.88%	4.84%	10.10%
Russell 2000 (Small Cap)	1.00%	5.67%	8.36%	6.36%	0.95%	6.82%
MSCI EAFE (International)	0.39%	5.54%	13.01%	11.07%	3.23%	6.61%
MSCI Emerging Markets	-0.71%	2.56%	4.42%	2.29%	-5.74%	2.37%
Bloomberg US Agg Bond	0.15%	3.91%	2.66%	1.29%	-4.02%	0.74%
Bloomberg High Yield Corp	0.37%	4.03%	10.13%	8.65%	1.29%	4.32%
Bloomberg Global Agg	0.28%	4.47%	2.16%	0.88%	-6.29%	-0.77%



OBSERVATIONS

- The major equity indices notched their sixth consecutive positive week, although momentum is waning.
- The S&P 500 notched a new high for 2023 while rising +0.24% on the week, the Dow was moderately positive, returning 0.04%, while the NASDAQ led the major indices up +0.70%
- Small-caps recorded another strong week, up 1.00%, while Mid-Caps were barely positive +0.01%.
- Developed International was positive, up +0.39%, while Emerging Markets lagged -0.71%.
- The U.S. Aggregate Bond Index was up slightly at 0.15%, and both corporate credit and global bonds rose mildly as well.



BY THE NUMBERS

- **Italian town lights up world's largest Christmas tree:** The tree entered the Guinness Book of World Records in 1991 and its preparation works have lasted for weeks with volunteers of the 'Alberaioli' committee working on the tree on Sunday mornings. "It has a base of 450 meters (1,470 feet) and a height of 750 meters (2,460 feet)," said Giacomo Fumanti, President of the Alberaioli Committee. "We placed a comet star with a surface area of 1,000 square meters (10,700 square feet) on the top of the hill." About 1,300 hours of work were required to create the spectacular illumination, but Gubbio and local residents from miles around get the benefit of seeing the tree which lies on the side of the slope at some 900 meters (2,950 foot) altitude.⁴
- **Baseball Superstar Shohei Ohtani Leaves Angels, Signs With Dodgers For Blockbuster \$700M Deal:** The elite pitcher and hitter signed an eye-popping 10-year, \$700 million dollar deal that's being touted as the largest contract in North American sports history. The previous largest contract was signed in 2019 by Ohtani's now-former teammate Mike Trout on the Los Angeles Angels, which was for \$426.5 million over 12 years. Ohtani, 29, confirmed the deal on Instagram. He apologized for taking as long as he did to come to a decision and emphasized his commitment to the sport: "Until the last day of my playing career, I want to continue to strive forward, not only for the Dodgers but for the baseball world."⁵

Economic Definitions

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

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.

Job Openings and Labor Turnover Survey – JOLTS: This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

Employment Situation Summary- Jobs Report: The Employment Situation Summary – Jobs Report release presents statistics from two monthly surveys. The household survey measures labor force status, including unemployment, by demographic characteristics. The establishment survey measures nonfarm employment, hours, and earnings by industry.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

PCE (headline and core): PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

Producer Prices - 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.

Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

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 12/08/2023.

² [CME FedWatch Tool \(cmegroup.com\)](https://www.cmegroup.com/tools/cme-fedwatch/)

³ Data obtained from Morningstar as of 12/08/2023.

⁴ [Italian town lights up world's largest Christmas tree \(yahoo.com\)](https://www.yahoo.com/news/italian-town-lights-up-worlds-largest-christmas-tree-1200000000.html)

⁵ [Shohei Ohtani Leaves Angels Signs \\$700M Deal with Dodgers \(laist.com\)](https://www.laist.com/news/shohei-oh-tani-leaves-angels-signs-700m-deal-with-dodgers)