

# MARKET PULSE

November 14, 2023

## MARKET PULSE

- Equities rose today, with the real estate and utilities sectors performing best.
- The S&P 500 rose 1.91%, the Dow Jones Industrial Average (Dow) was up 1.43%, and the Nasdaq rose 2.37%.
- Non-U.S. markets were higher. The DAX (Germany) was up 1.76%, and the Nikkei (Japan) was up 0.34%.
- The 2-year Treasury yield fell 21 basis points (bps) to 4.82% and the 10-year Treasury fell 0.18% to 4.45%.

## CATALYSTS

- U.S. equity markets rose after the consumer price index (CPI) report showed the slowdown in inflation continued in October, which investors interpreted to mean that the Federal Reserve (Fed) will stop hiking rates. This led to a decline in Treasury yields and a rally in stocks, especially segments of the market that had been pressured recently by the higher for longer narrative.
- CPI was unchanged (0.0%) in October (3.2% year over year), which was below the 0.1% monthly increase the consensus was expecting. Core CPI rose 0.2% (4.0% year over year), the lowest print since September 2021 and below the consensus for a 0.3% rise.
- Fed funds futures are pricing in a 95% probability the Fed will keep rates steady in December and January and a 28% probability of a 25-basis-point cut in March.
- The S&P 500 declined 9.9% between July 31 and October 27 as the 10-year Treasury yield [surged 87 basis points](#) to a peak of 4.99%. Since then, the yield on the 10-year has declined and the S&P 500 has been up in 10 of the last 12 trading sessions, as investors have grown confident in a soft landing and that the Fed is done raising rates. Year to date, the index is up 18.7%.

## INVESTMENT STRATEGY OUTLOOK

- We believe that the prevailing macroeconomic conditions continue to warrant a neutral stance relative to our strategic asset allocation (SAA), with an emphasis on quality.
- Our preference lies with companies demonstrating strong fundamentals – sound balance sheets, steady earnings, and/or growing dividends, regardless of market capitalization, sector, or style.
- Within fixed income, our focus on quality leads us to prefer the investment-grade market, which now offers better yields compared to the last decade.
- Cash yields may seem appealing, but we guide investors to develop a plan to [redeploy excess cash](#) with a systematic or opportunistic approach.
- We advocate for diversification across and within asset classes and guide investors to consider rebalancing if strong market performance this year has resulted in concentrations or a sizeable shift in your overall allocation.
- We are developing our 2024 Outlook and expect to release it during the first week of the new year.
- For more insights and market commentary visit [Stifel Insights](#).

Past performance does not indicate future results. The Standard & Poor's 500 Index is a capitalization-weighted index that is generally considered representative of the U.S. large capitalization market. The Dow Jones Industrial Average is an index that shows how 30 large, publicly owned companies based in the United States have traded during a standard trading session in the stock market. 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 Nikkei 225 consists of the shares of the 225 largest companies in Japan. The DAX Index consists of the 30 most actively traded German companies on the Frankfurt Stock Exchange.

1123.6097861.1