



Weekly Recap

U.S. investors returned from a quiet, holiday-shortened week to mixed equity markets with the Dow Jones, S&P 500, and Nasdaq finishing the week +2.42%, +0.77%, and +0.38%, respectively. Higher mortgage rates continue to weigh on the housing market as October new home sales fell 5.6% month over month (m/m) and missed consensus of 721,000 as 679,000 new homes were sold during the month. Elsewhere, it was revealed that Saudi Arabia is asking other OPEC+ members to reduce their oil output quotas in order to shore up global markets. While the organization could not agree on a consensus group cut, Saudi Arabia, Russia, and several others will extend their voluntary production cuts through the first quarter of 2024. U.S. gasoline prices have fallen for over 60 consecutive days to the current national average of \$3.25, 60 cents below the most recent peak in September. In retail news, Mastercard's SpendingPulse report found that U.S. retail sales on Black Friday were up 2.5% year-over-year (y/y) as the U.S. consumer remains resilient. The U.S. consumer confidence index increased to 102.0 in November after three straight monthly declines – economists were expecting a reading of 101.0 for the month. On Thursday, it was reported that the Fed's preferred measure of inflation, the Personal Consumption Expenditures Index (PCE) rose 3.0% y/y in October, down from 3.4% in September and slightly better than expected. Core PCE, which excludes volatile food and energy prices grew 3.5%, down from 3.7% in September and in line with expectations. Currently, markets are pricing in a roughly 84% chance of an interest rate cut by the end of the Fed's May meeting. One month ago, markets were anticipating only a 38% chance of a rate cut in the same period. U.S. treasury yields declined sharply this week, with the 2Y yield dropping from 4.92% on 11/24 to 4.55% on 12/1. The yield curve remains inverted, with a 2Y/10Y spread of -34 bps. After three straight months of declines, the S&P 500 and Nasdaq both posted their biggest monthly gains since July 2022, finishing November +8.92% and +10.70%, respectively.

Key Thought for The Week

Domestic equity and fixed income markets experienced significant moves during the month of November due to growing support for a soft economic landing, the potential end of the Fed's rate hiking campaign, and continued progress on the inflation front. As noted above, major equity indexes posted some of their strongest gains in over a year. In addition, interest rates retreated meaningfully from their recent highs. According to FactSet, the Bloomberg U.S. Aggregate Bond Index rose nearly 5% during the month which marks the largest monthly gain since 1985. The 2-year Treasury yield decreased roughly 35 basis points (bps) to around 4.70%, while the 10-year Treasury yield decreased roughly 55 bps to around 4.35%. The big move in interest rates is primarily a result of recent economic data which indicates that inflation is continuing its downward trajectory, and the job market is rebalancing – two key factors which bolster the narrative for an end to the Fed's tightening cycle. Furthermore, the progress on unwinding the economic imbalances created by the pandemic does not appear to be overly impacting economic growth. This has created the so-called "goldilocks" scenario where the economy is not running too hot or too cold, and financial markets will react favorably to such an environment as evidenced by the returns in November.

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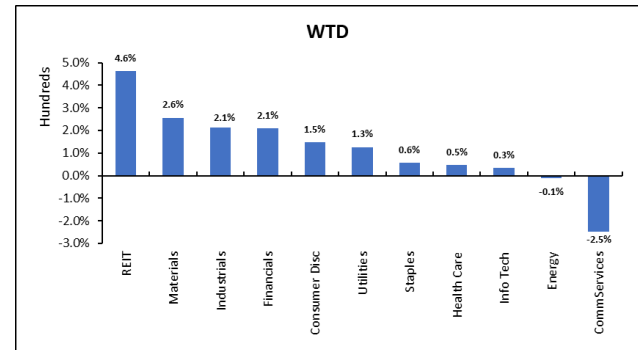
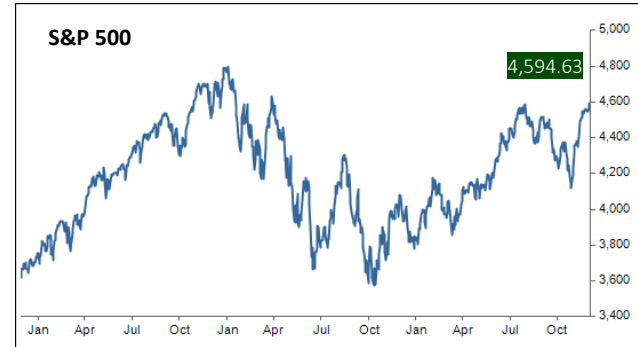
12/1/2023	Wk	Wk	YTD	12 Mos
	Net	%	Div	%
	Change	Change	Yield	Change
STOCKS	Close			
DJIA	36,245.50	855.35	2.42	2.01
S&P 500	4,594.63	35.29	0.77	1.52
NASDAQ	14,305.03	54.18	0.38	0.77
S&P MidCap 400	2,625.58	65.25	2.55	1.74
EAFE	2,124.91	2.78	0.13	3.28
Emerging Market	987.10	6.77	0.69	2.88

	Yield	FOREX	Price	Change
TREASURIES				
1-Year	5.03	USD/EUR	1.09	-0.55
2-Year	4.55	JPY/USD	146.84	1.77
5-Year	4.14	USD/GBP	1.27	0.85
10-Year	4.21	CAD/USD	1.35	1.04
30-Year	4.39			

Source: FactSet/Bloomberg

Sector - Large Cap	Close	Wk Net Change	WTD	MTD	QTD	YTD
Defensive						
Staples	747.05	4.11	0.6%	0.4%	2.7%	(4.1%)
Health Care	1,532.57	7.33	0.5%	0.4%	2.1%	(3.3%)
CommServices	234.23	-5.99	(2.5%)	(0.2%)	5.4%	47.0%
Eco Sensitive						
Consumer Disc	1,353.94	19.80	1.5%	1.3%	7.1%	34.7%
Energy	644.36	-0.72	(0.1%)	0.5%	(7.2%)	(4.2%)
Industrials	917.07	19.22	2.1%	1.6%	6.9%	10.3%
Info Tech	3,278.62	10.96	0.3%	0.2%	12.8%	50.9%
Materials	522.84	13.08	2.6%	1.1%	5.7%	6.8%
Interest Rate Sensitive						
Financials	599.47	12.27	2.1%	0.7%	8.6%	5.2%
Utilities	320.51	4.01	1.3%	1.2%	7.1%	(10.6%)
REIT	237.93	10.54	4.6%	2.1%	11.3%	2.4%

COMING UP NEXT WEEK		Consensus	Prior
12/04 Durable Orders SA M/M (Final)	(Oct)	-5.4%	-5.4%
12/04 Factory Orders SA M/M	(Oct)	-3.1%	2.8%
12/05 ISM Services PMI SA	(Nov)	51.8	51.8
12/05 JOLTS Job Openings	(Oct)	9,313K	9,553K
12/06 Unit Labor Costs SAAR Q/Q (Final)	(Q3)	-0.80%	-0.80%
12/06 Productivity SAAR Q/Q (Final)	(Q3)	4.7%	4.7%
12/08 Nonfarm Payrolls SA	(Nov)	150.0K	150.0K
12/08 Unemployment Rate	(Nov)	3.9%	3.9%
12/08 Michigan Sentiment NSA (Preliminary)	(Dec)	61.5	61.3



Russell Style Return

WTD	Value	Blend	Growth	YTD	Value	Blend	Growth
Large	1.95%	1.10%	0.38%	6.79%	21.46%	37.19%	
Medium	2.86%	2.85%	2.83%	6.50%	10.86%	19.27%	
Small	3.51%	3.10%	2.67%	5.22%	7.23%	8.73%	