



### Benchmark Returns as of November 30, 2023

	For the Month	Year-to-Date		For the Month	Year-to-Date
<b>S&amp;P 500</b>	9.1%	20.8%	<b>Bloomberg Aggregate Bond Index</b>	4.5%	1.6%
<b>Dow Jones Industrial Average</b>	9.2%	10.7%	<b>Developed International</b>	9.0%	10.6%
<b>Nasdaq</b>	10.8%	37.0%	<b>Emerging Markets</b>	8.0%	6.1%

After a harrowing October, we asked if the 'we survived' mindset could support a reversal of the three-month slide in stock returns. Clearly, more than just a mindset supported gains of over 9% for major equity averages, including developed international stocks. Asset prices also rose on Fed-friendly softness in labor and inflation reports. Markets took the U.S. Treasury's latest quarterly debt issuance news in stride while Treasury Secretary Yellen spoke of a soft landing for the economy. The 10-year Treasury bond yield dropped from nearly 5% late-October to 4.37% at month-end. Given the inverse relationship of bond yields and bond prices, the U.S. aggregate bond index added nearly 5% -- the largest monthly gain in over 35 years.

The monthly labor report published on November 3rd showed a 150,000 increase in payrolls in October - below the ~180,000 expectation - while the unemployment rate ticked up to 3.9%. Some of that job market loosening may be attributable to strikes by autoworkers and Hollywood actors, but those major strikes are now settled. Investors will be examining compensation data contained in upcoming jobs reports for signs that organized labor's negotiated pay increases are fueling wage-led inflation. The report for November will be released on December 8th.

Overall inflation is subsiding but is still above the Fed's stated target of 2.0%. The year-over-year all-items Consumer Price Index was up 3.2% for October, its lowest annual change since September 2021. The PCE Price Index (the Fed's preferred measure of inflation) rose 3.0% in October year-over-year, down from September's reading of 3.4%.

News from the U.S. Treasury both started and ended the month. On November 1st, the Treasury announced a smaller-than-expected auction of new debt to meet government financing needs. This supported bond prices on relief that rates may not need to be raised to spur demand to absorb the new supply. Then on November 30th, Treasury Secretary Janet Yellen downplayed the need for further Fed interest rate increases, stating she believes "the signs are very good that we will achieve this soft landing with unemployment stabilizing... and growth slowing to a sustainable level."



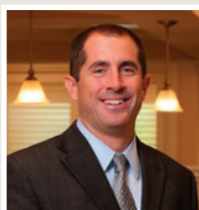
On the earnings front, companies reported profits for the third quarter that reversed a year-long "earnings recession". In key metrics published December 1st, FactSet reported that with 98% of S&P 500 companies reporting actual results:

- 82% reported a positive EPS surprise, and
- The blended (year-over-year) earnings growth rate is 4.8%, marking "the first quarter of year-over-year earnings growth reported by the index since Q3 2022."

Also worthy of mention, the U.S. government avoided a shutdown midmonth with lawmakers agreeing to a "laddered" approach to debt and budget resolutions. The ultimate success of this unique approach remains to be seen, with new deadlines looming on January 19th and February 2nd.

Bottom line, the November reversal of the markets' three-month slide came on hopes that we've seen peak interest rates for this cycle. The odds are virtually zero for a rate hike when the final FOMC meeting of 2023 concludes on December 13th. That would leave the fed funds rate at 5.25% - 5.50%, unchanged since July. Whether the Fed has, indeed, engineered a soft landing that avoids recession will be one of 2024's top questions.

### – YOUR CALDWELL TRUST INVESTMENT TEAM –



**Scott Antritt**  
Director of Investments  
941-202-6507



**Gail Neujahr, CFA**  
Senior Portfolio Manager  
941-202-6507



**Kendall Peacock, CFA, CAIA**  
Senior Portfolio Manager  
941-202-6507