Weekly Market Commentary
November 27, 2023

The Markets

In November, investors were more optimistic than consumers.

At the start of November, investors were decidedly bearish. During the week of November 1, the AAII Investor Sentiment Survey found that about 50 percent of respondents were pessimistic about the prospects for stocks over the next six months, and about 24 percent were bullish. The current historic averages are 31 percent bearish and 37.5 percent bullish. (The remainder are neutral.)

Many believe the survey is a contrarian indicator, meaning that stocks are likely to rise when investors are bearish and fall when investors are bullish. November offered some data to support the theory as United States stocks trended higher during the month.

As stock markets gained, participants in the AAII survey became more bullish. The Thanksgiving week survey found that more than 45 percent of respondents were feeling bullish, and as we already mentioned, just 24 percent were feeling bearish. Quite a reversal from four weeks earlier.

Consumers were considerably less optimistic. While sentiment improved from last year, it dropped almost 4 percent from October to November, according to the University of Michigan Consumer Sentiment Survey. It was the fourth consecutive month of declining sentiment.

"November's reading reflects a balance of factors, some of which improved while others worsened. More-favorable current assessments and expectations of personal finances were offset by a notable deterioration in expected business conditions…Younger and middle-aged consumers exhibited strong declines in economic attitudes this month, while sentiment of those age 55 and older improved from October," wrote Surveys of Consumers Director Joanne Hsu.

The survey found consumers expect inflation to average 4.5 percent over the next 12 months, and 3.2 percent over the longer term even though inflation has slowed significantly and was just 3.2 percent over the last 12 months. Despite recent declines, consumers are worried inflation could change course.

Stocks moved higher last week as many investors remained confident the Federal Reserve was done raising rates. Some anticipate rate cuts early next year, reported *Barron's*. Bond markets weren't so sure, though, and U.S. Treasury yields moved broadly higher during the week.

Data as of 11/24/23	1-Week	YTD	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	1.0%	18.8%	13.2%	7.8%	11.3%	9.7%

Dow Jones Global ex-U.S. Index	0.8	7.0	6.1	-1.3	2.7	1.2
10-year Treasury Note (yield only)	4.5	N/A	3.7	0.9	3.1	2.7
Gold (per ounce)	1.0	10.4	14.0	3.6	10.3	4.9
Bloomberg Commodity Index	-0.5	-10.1	-11.8	10.7	4.5	-2.0

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

DRIP. DRIP. DRIP. As inflation recedes, fees and charges may continue to affect the cost of some goods and services. Last summer, NPR's Stacey Vanek Smith reported on the phenomenon after having lunch delivered.

"I decided to splurge and order a burger and fries for delivery. Subtotal for my meal? $14.07. A little pricey, but it's a good burger and $14 seemed like a totally acceptable price for dinner, especially when it's delivered to my door. Then came the fees: Delivery fee: $5.49; Service fee: $3; Tip: $4; Tax: $1.25. Grand total for my delivery burger: $27.81. My lazy Monday went from costing me $14 to almost $30. The price had doubled. What was going on?"

The answer is drip pricing. It happens when the price of a good or service is broken into multiple components that the buyer becomes aware of as the purchase proceeds, according to an article published by Alexander Rasch, Miriam Thöne and Tobias Wenzel in the *Journal of Economic Behavior and Organization*.

Many industries employ this pricing strategy. For example, travelers may purchase airline tickets by choosing the lowest base price and then find themselves paying additional fees to check bags, select desirable seats or sit in seats adjacent to younger family members.

One luxury automobile company added a new twist to car buying. It asked buyers in the United Kingdom, Germany, New Zealand and South Africa to pay a subscription fee to activate its factory-installed seat warmers. The automaker eventually abandoned the subscription, but it plans to expand pay-on-demand services. In an interview with James Attwood of Autocar, a company board member explained:

"We actually are now focusing with those 'functions on demand' on software and service-related products, like driving assistance and parking assistance, which you can add later after purchasing the car, or for certain functions that require data transmission that customers are used to paying for in other areas."

Inflation and rising prices are critical aspects of retirement planning. If you would like to talk about how inflation may affect your savings and investments over time, please get in touch.

Weekly Focus – Think About It
"It isn't what we don't know that gives us trouble, it's what we know that ain't so."

—Will Rogers, comedian

Best Regards,

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* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* All indexes referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
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* You cannot invest directly in an index.
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