

## U.S. equities try to extend gains in holiday-week trading

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#### Article Highlights

- Both the S&P 500 and Russell 2000 Index reach new highs in quiet Thanksgiving week trading.
- Treasury yields continue their November surge, touching 18-month highs.
- Encouraging consumer sentiment highlights a mostly positive week for U.S. data releases.
- Increased investor risk appetite could support a year-end equity rally.

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#### Equities

Fueled by ongoing optimism over global and U.S. growth prospects, the S&P 500 Index extended its post-election rally amid light trading by notching consecutive record closes to begin the week. However, the index edged lower during early morning trading on November 23. Meanwhile, the small-cap Russell 2000 Index stretched its winning streak to 13 straight trading days on November 22 en route to establishing a 13-year high. Equity markets in Europe were roughly flat for the week thus far, while stocks in Japan and China advanced.

Current updates to the week's market results are available [here](#).

#### Fixed income

The 10-year Treasury yield rose during this holiday-shortened week, closing at 2.31% on November 22 and moving higher the next day following the release of some positive U.S. economic data. The 10-year yield has jumped 58 basis points (0.58%) for the month to date through late-morning trading on November 23, but it has risen only 14 basis points for the year as a whole.

#### U.S. economic data is mostly positive

This week's batch of U.S. data reports was highlighted by encouraging consumer sentiment data. Housing data was mixed. Among the week's releases:

- **Consumer sentiment** rose, according to November's final reading of the University of Michigan index. In this first major consumer survey conducted since

the election, responders expressed optimism about their personal finances and improved prospects for the economy. We will be monitoring this gauge over the next several months to see if better sentiment translates into stronger spending.

- **Existing home sales** surged 2% in October to their highest level in nearly 10 years and 5.9% compared to a year ago. In contrast, **new home sales** slid 1.9% but remain up a healthy 17.8% versus a year ago.
- **First-time unemployment claims** increased by 18,000, to 251,000, one week after plunging to a 43-year low. Despite the rise, the pace of layoffs remains subdued. The less-volatile four-week average fell by 2,000, also to 251,000.
- **Durable goods orders** (aircraft, machinery, computer equipment, and other big-ticket items) topped forecasts by jumping 4.8% in October. Business investment rebounded after a big drop in September, as orders for core capital goods orders rose 0.4%.

### Outlook

Since the election, investor sentiment has turned strongly bullish, a contrarian indicator that often presages an equity market pullback. However, it's also possible that after moving money from equities to bonds throughout most of the year, investors are now willing to assume more risk given president-elect Trump's perceived pro-growth agenda. Positive flows into equity funds could help support a further rise of the S&P 500 as we head into year-end.

The next Weekly Market Update will be published on Friday, December 2.



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