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Quick Market Update

11/3/2023

-Gray Howard, Senior Portfolio Manager

It's quite amazing the difference just one week can make. Last week the S&P 500 reached correction territory, which had many investors on edge.¹

But as I mentioned in my note last Friday - *The S&P 500 is trying to find support around the 4100 level which is a 10% pullback from the July 27th high. My sense is the market will be pretty tepid as we head into the weekend, but I encourage investors not to panic and wait for the potential oversold bounce and then we can reassess the bullish year-end set up next week.* (full note attached)

Thoughts before the weekend:

1. The S&P 500 index has rallied 6% in just five trading days, marking the strongest week of the year.¹
2. Market breadth has been strong over the past couple of days, indicating that this is more than just short covering. ²
3. Interest rates and the US dollar have finally reversed lower in a meaningful way.¹
4. We have now entered the seasonally strong period of the year for stocks.³
5. According to the National Association of Active Investment Managers, asset managers had their lowest equity exposure of the year heading into this week. Or said another way, those that wanted to sell had already sold. ⁴
6. Lastly, I had several readers push back on my note from last Friday, claiming it to be too optimistic. In my experience that is usually a pretty good sign for markets going forward. After a 6% move in five days, I'm expecting a slight pull back or some consolidation from here. But overall, my thesis remains the same and the bullish year-end setup remains intact.

Please feel free to reach out if you have any questions or feedback.

Have a great weekend.

All the best,
Gray

Please note: *If you do not have assets under management with our group and would like more information, please let us know.*

Also, If you've been forwarded this email and would like to be included on future commentary, please feel free to reach out to hilary.miller@ubs.com.

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Sources;

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