MORNING BRIEFING
November 6, 2023

Throwing Caution To The Wind

Check out the accompanying chart collection.

Executive Summary: Last week brought epic rallies in both the stock and bond markets. We think the stock market's correction is over and that the S&P 500 is back on track to end the year at 4600. All 11 sectors gained ground last week, many enjoying their best week in nearly a year. … As for the bond market rally that carried the 10-year Treasury bond yield down to a more comfortable distance from 5.00%, the wave of buying had multiple drivers. Nevertheless, beware of the Bond Vigilantes. … Also: Recent economic news supports our Immaculate Disinflation theory.

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An Epic Week I: Back on the Right Track. Halloween wasn't spooky after all. Instead, the S&P 500 bottomed at 4117.37 on Friday, October 27. It found support at the uptrend line connecting the closing lows of March 23, 2020 and October 12, 2022 (*Fig. 1*). It rose every day last week, gaining 5.8% through Friday. At its recent low on October 27, it was 2.9% below its 200-day moving average (dma). Now it is 2.6% above this average. It was down 10.3% from its 4588.96 high of the year on July 31. Joe and I think that the correction is over and that we may be back on track to achieve our year-end target of 4600.

The Nasdaq rebounded 6.6% last week to 5.0% above its 200-dma and also moved back above its 50-dma (*Fig. 2*). The plunge in the bond yield boosted the valuation multiples of technology stocks as well as the more traditional interest-rate sensitive ones. Here is last week's performance derby for the S&P 500 and its 11 sectors: Real Estate (8.5%), Financials (7.4), Consumer Discretionary (7.2), Information Technology (6.8), Communication Services (6.5), S&P 500 (5.9), Industrials (5.3), Utilities (5.2), Materials (5.1), Health Care (3.5), Consumer Staples (3.2), and Energy (2.3).

Joe observes that many S&P 500 sectors had their best weekly gain in at least 51 weeks. The S&P 400 MidCaps and S&P 600 SmallCaps beat the S&P 500 last week with gains of 6.5% and 7.4%, led by Financials, Real Estate, and Utilities. For example, the regional banks rose 13.1%, 10.4%, and 11.5% in the S&P 500, S&P 400, and S&P 600 indexes

respectively.

The stock market seems to be following the classic seasonal year-end script of weakness in September and October setting the stage for a Santa Claus rally. We concluded our November 1 *QuickTakes* with: “Santa may be early this year.”

An Epic Week II: Nothing To Fear for Now? From August through October, investors were spooked by the jump in the 10-year US Treasury bond yield from 3.96% on July 31 to 5.00% a week ago. Over that period, investors became increasingly concerned about the rapidly deteriorating outlook for the US budget deficit. Fed officials also spooked them by hammering them with their “higher-for-longer” mantra that interest rates would be kept restrictive for the foreseeable future.

However, last week, the bond yield fell from 4.93% on Tuesday, October 31 (Halloween) to end the week at 4.57% (*Fig. 3*). It was an epic rally in the bond market fueled by modestly bullish economic news that seems to have triggered a massive short-covering rally by the bears and a buying panic by the bulls.

Our friend Michael Brush, who is a columnist for MarketWatch, believes that the selling pressure in the bond market ended on October 31 because that was the deadline for money managers to finish tax-loss selling. The day before, on Monday, October 30, Pershing Square’s Bill Ackman revealed that he covered his bet against long-term Treasurys, believing that investors may increasingly buy bonds as a safe haven because of growing geopolitical risks. “There is too much risk in the world to remain short bonds at current long-term rates,” Ackman said in a post on X.

On Wednesday morning, the bond and stock rallies were fueled by a weak ADP private payroll employment report and the Treasury’s decision to do its next round of financing with more in bills and less in bonds. That afternoon, investors listened carefully to Fed Chair Jerome Powell’s press conference following the latest FOMC meeting and concluded that the Fed may be done raising interest rates. A better-than-expected Q3 productivity report on Thursday showed that unit labor costs, the main driver of inflation, fell to just 1.9% y/y during Q3 (*Fig. 4*). Friday’s weaker-than-expected employment report for October sent the yield back down to almost 4.50%.

In addition to getting spooked by the bond market in recent months, equity investors have been fearing that the war between Hamas and Israel would quickly turn into a regional war masterminded by the Mad Mullahs of Tehran. We have been, too. However, Hezbollah

hasn't opened a significant second front north of Israel, so far. Indeed, on Friday, Sayyed Hassan Nasrallah, the leader of the Lebanese militant group, in his first public comments since the start of the Gaza war, stopped short of announcing an all-out escalation of his group's battles with Israel despite warning that all options were "on the table."

Hezbollah has been exchanging fire with Israeli forces across the Lebanese-Israeli frontier since its Palestinian ally Hamas went to war with Israel on October 7. It marks the worst fighting at the frontier since a 2006 war but has mostly been contained to the border area. This suggests that Iran doesn't want an all-out regional war that might force the US to come to the defense of Israel at this time.

US Economy: Immaculate Disinflation Update. The diehard hard-landers are still expecting a recession, but now it is in 2024 because 2023 is almost over with no sign of a hard landing. They started to predict a recession in 2022 when the Fed began to raise interest rates aggressively. When the yield curve inverted during the summer of 2022, they took that as a sure sign that a recession is imminent (*Fig. 5*).

Now that the yield curve is disinverting, the hard-landers claim that's what it does just before a recession occurs. In the past, that's been true: It would disinvert when the Fed lowered short-term rates faster than long-term rates fell in response to financial crises that quickly turned into credit crunches that caused the recessions. This time, the yield curve has been disinverting since the summer of this year for an entirely different reason, one that hardly suggests an imminent recession: It has disinverted because the bond yield rose faster than the federal funds rate and the two-year Treasury note yield, partly as a result of stronger-than-expected economic growth (*Fig. 6*)!

We are still soft-landers, assigning subjective odds of 35% to a recession before the end of 2024. As we've been expecting, inflation has been moderating without the Fed's having to trigger a recession to bring it down. Last week's employment and inflation data support our immaculate disinflation (i.e., without a recession) scenario. Consider the following:

(1) *Employers still hiring.* Job openings remained elevated during September, and the job-openings series in the Consumer Confidence Index survey remained high as well during its last reading, in October (*Fig. 7*). So why did payroll employment with and without government employment rise by only 150,000 and 99,000 during October? The supply of labor, as measured by the labor force, declined 201,000 during October, and the labor force participation rate edged down to 62.7% during the month (*Fig. 8*). That's still below the pre-pandemic reading of 63.3% during February 2020. Employers still have plenty of job

openings, but a shortage of qualified workers remains a problem.

(2) *Wage inflation moderating.* Notwithstanding the ongoing imbalance with the demand for workers exceeding the supply, wage inflation continues to moderate. It's doing so because quits are falling as more workers stay put rather than move to a better-paying job for various reasons.

Average hourly earnings inflation edged down to 4.1% y/y during October for all workers. It fell to 4.4% for production and nonsupervisory workers (*Fig. 9*). During Q3, the Employment Cost Index for wages and salaries was down to 4.5%. These three measures of wage inflation are down from their 2022 peaks of 5.9%, 7.0%, and 5.7%. Also during Q3, hourly compensation rose 3.9% q/q (saar) and 4.2% y/y (*Fig. 10*).

(3) *Productivity growth rebounding.* The great news last week was that Q3's nonfarm business productivity jumped 4.7% q/q (saar) and 2.2% y/y during Q3. We think that the economy started a productivity growth boom in early 2016 that was interrupted by the pandemic. Now it is likely to be accelerated by the aftereffects of the pandemic, particularly the labor shortage. We expect to see the current productivity growth boom peak by the end of the decade around 4.0%. That would allow real hourly compensation to grow as much. It would also support greater-than-expected economic growth while keeping a tight lid on inflation—the best of both worlds!

(4) *YRI Earned Income Proxy flattening.* The hard-landers point out that payroll employment excluding government payrolls rose just 99,000 during October. In addition, August and September payrolls were revised down by 101,000 together. Strike activity has had some negative impact on these numbers since August.

Nevertheless, the YRI Earned Income Proxy (EIP) for wages and salaries in private industry was flat during October. That suggests that the month's retail sales might have been weak, especially on an inflation-adjusted basis. However, as we observed last week, consumers have other significant sources of personal income (i.e., interest, dividend, rental, and proprietors' income), all of which are at record highs.

Bonds: The Treasury's Bearish List & the Bond Vigilantes. Last week's bond market rally confirmed our view that there would be sufficient buyers at a 10-year Treasury yield of 5.00% to boost demand enough to meet supply.

We've previously observed that the economy had no trouble living with a bond yield of

4.50% to 5.00% from 2003-07. That period was the Old Normal for bonds. It was followed by the New Abnormal period from the Great Financial Crisis through the Great Virus Crisis, when the major central bankers suppressed market forces, keeping interest rates close to zero and buying lots of bonds, all because they were panicked about deflation.

Above, Melissa and I listed some of the reasons that explain last week's bond rally. We should add kudos to *Barron's* for the October 30 *cover story* titled "Time To Buy Bonds." The next day, on October 31, the Treasury Borrowing Advisory Committee (TBAC) submitted its *regular report* to Treasury Secretary Janet Yellen. It listed all the reasons why yields soared from August through October. That list did not include tax-loss selling pressure. It did mention that the federal deficit is troubling the bond market: "There is a view among market participants that the growing imbalance between supply of and demand for US Treasury debt may also have contributed to the sell-off."

The Bond Vigilantes weren't mentioned in the TBAC report. We attributed the selloff in the bond market partly to their adverse reaction to the recklessness of fiscal policy. Does last week's rally suggest that they are no longer concerned? Of course not. Like Arnold Schwarzenegger's character "The Terminator" (in the 1984 movie of the same name), they'll be back if necessary to impose law and order In Washington.

Calendars

US: Mon: Loan Officer Survey; Cook. **Tues:** Trade Balance -$60.3b; Consumer Credit $12.0b; API Weekly Crude Oil Stock; Williams; Barr; Logan; Waller. (FXStreet estimates)

Global: Mon: Germany Factory Orders -1.1%; Eurozone, Germany, and France C-PMIs 46.5/45.8/45.3; Eurozone, Germany, and France NM-PMIs 47.8/48.0/46.1; Japan Household Spending -0.4%m/m/-2.7%y/y; RBA Interest Rate Decision 4.35%; Nagel; Mauderer; Pill**. Tues:** Eurozone Industrial Production; Eurozone PPI; Germany Industrial Production 0.0%; Nagel. (FXStreet estimates)

Strategy Indicators

Global Stock Markets Performance (*link*): The US MSCI index soared 5.9% last week for its biggest gain in 51 weeks and nearly exited correction territory to finish at 10.3% below its

record high on December 27, 2021. The US MSCI ranked 12th of the 48 global stock markets that we follow in a week when 45 of the 48 countries rose in US dollar terms. The AC World ex-US index underperformed the US MSCI, but rose 4.2% for its best gain in 16 weeks and exited bear market territory to end at 19.6% below its June 15, 2021 record high. All regions rose w/w. EM Latin America was the best performer with a gain of 6.0%, ahead of EMU (5.8%), EM Eastern Europe (4.6), EMEA (4.5), and EAFE (4.4). BIC was the worst performing region last week, albeit with a gain of 1.6%, followed by EM Asia (2.4). Mexico was the best-performing country last week, with a gain of 9.1%, followed by South Africa (8.7), Israel (8.5), Belgium (8.2), and Ireland (7.9). Among the 23 countries that underperformed the AC World ex-US MSCI last week, the 0.0% changes for Peru, Sri Lanka, and Turkey were the worst, followed by 0.1% and 0.6% gains for Jordan and Morocco. In October, the US MSCI ranked 18/48 as it fell 2.4%, less than the 4.2% decline for the AC World ex-US index, with only 10 of the 48 countries moving higher. Poland was the best performer, with a gain of 16.3%, followed by Pakistan (12.1), Egypt (2.6), Hungary (1.4), Greece (0.9), and the Czech Republic (0.9). The worst-performing countries in October: Turkey (-13.1), Israel (-12.6), Chile (-9.1), Argentina (-8.9), and Indonesia (-8.4). Nearly all the regions fell in October, but EM Eastern Europe rose 11.2%, ahead of EMEA (-3.3), EMU (-3.5), BIC (-3.8), EM Asia (-4.0), and EAFE (-4.1). EM Latin America (-5.0) was October's worst-performing region and the only one to underperform the AC Word ex-US. Looking at 2023's performance so far, the US MSCI is up 13.9%, as its ytd ranking remained steady at 14/48. The AC World ex-US's ytd gain of 2.8% is trailing the US's, with 27/48 countries in positive territory. EM Eastern Europe is the best regional performer ytd with a gain of 26.5%, followed by EM Latin America (10.6), EMU (8.0), and EAFE (4.5). The regional laggards so far in 2023: BIC (-4.4), EM Asia (-1.8), and EMEA (-0.8). This year's best ytd country performers: Greece (34.7), Hungary (32.7), Sri Lanka (29.2), Poland (25.8), and Italy (21.9). Here are the worst-performing countries of the year so far: Pakistan (-21.1), Hong Kong (-18.7), Thailand (-16.0), Finland (-15.4), and China (-10.9).

S&P 500/400/600 Performance (*link*): All three of these indexes soared w/w as LargeCap posted its biggest gain since November 2002 and the SMidCaps had their best performance since November 2020. LargeCap's 5.9% gain trailed the 7.4% and 6.5% increases scored by SmallCap and MidCap. At Friday's close, LargeCap left correction territory to end the week 9.1% from its record high on January 3, 2022, MidCap left a bear market and improved to 14.9% from its record high on November 16, 2021, and SmallCap remained in bear market territory at 21.7% from its November 8, 2021 record high. All 33 LargeCap and SMidCap sectors moved higher for the week, with many posting their biggest gains in a year or more. SmallCap Real Estate was the best performer with a gain of 11.5%, followed by SmallCap Financials (10.3), SmallCap Consumer Discretionary (9.6), SmallCap Utilities

(9.4), MidCap Real Estate (8.9), and LargeCap Real Estate (8.5). The biggest underperformers for the week, albeit with gains, were SmallCap Energy (1.5), LargeCap Energy (2.3), SmallCap Consumer Staples (2.6), LargeCap Consumer Staples (3.2), and LargeCap Health Care (3.5). During October, LargeCap fell 2.2% for its third straight monthly decline. That compares to the bigger 5.4% and 5.8% declines for MidCap and SmallCap, also their biggest since December 2022. Just two of the 33 sectors rose in October, matching September's count and the lowest count since December. October's best performers: LargeCap Utilities (1.2), MidCap Energy (0.1), LargeCap Tech (-0.1), SmallCap Utilities (-0.6), and LargeCap Consumer Staples (-1.4). October's biggest laggards: MidCap Tech (-10.1), SmallCap Tech (-9.7), SmallCap Materials (-7.4), MidCap Health Care (-7.2), and MidCap Industrials (-6.4). Looking at performances so far in 2023, LargeCap, with a gain of 13.5%, remains well ahead of MidCap (2.0) and SmallCap (-0.8); 18 of the 33 sectors are higher ytd compared to nine a week earlier. The top sector performers in 2023: LargeCap Communication Services (42.4), LargeCap Tech (40.4), LargeCap Consumer Discretionary (26.2), MidCap Energy (14.1), MidCap Industrials (13.2), and SmallCap Industrials (12.3). Here are 2023's biggest laggards: MidCap Utilities (-19.5), SmallCap Health Care (-16.9), MidCap Communication Services (-16.7), LargeCap Utilities (-12.5), and SmallCap Financials (-12.3).

S&P 500 Sectors and Industries Performance (*link*): All 11 S&P 500 sectors rose last week, and five outperformed the composite index's 5.9% gain. That compares to a 2.5% decline for the S&P 500 a week earlier, when one sector rose and nine outperformed the index. Nine sectors posted their biggest weekly gains in at least 51 weeks. Real Estate was the best performer with a gain of 8.5% (its best week since April 2020), followed by Financials (7.4%), Consumer Discretionary (7.2), Tech (6.8), and Communication Services (6.5). Energy was the worst performer, albeit with a gain of 2.3%, followed by Consumer Staples (3.2), Health Care (3.5), Materials (5.1), Utilities (5.2), and Industrials (5.3). Looking back at its October performance, the S&P 500 fell 2.2% in its third straight monthly decline as only one sector moved higher and four outperformed the broader index. That compares to 10 sectors falling and five outperforming the S&P 500's 4.9% decline in September. The leading sectors in October: Utilities (1.2), Tech (-0.1), Consumer Staples (-1.4), and Communication Services (-2.0). October's laggards: Energy (-6.1), Consumer Discretionary (-4.5), Health Care (-3.3), Materials (-3.2), Industrials (-3.0), Real Estate (-2.9), and Financials (-2.6). Looking at 2023's performance so far, the S&P 500 is up 13.5% ytd, with just three sectors still outperforming the index and five higher for the year. The best ytd performers: Communication Services (42.4), Tech (40.4), and Consumer Discretionary (26.2). These are 2023's worst performers: Utilities (-12.5), Consumer Staples (-6.7), Health Care (-6.4), Real Estate (-5.3), Financials (-1.5), Energy (-1.4), Materials (1.3), and

Industrials (3.3).

S&P 500 Technical Indicators (*link*): The S&P 500 soared 5.9% last week and improved considerably relative to its 50-day moving average (50-dma) and its 200-day moving average (200-dma). The index moved back above its 50-dma after eight weeks below, and also moved back above its 200-dma after dropping below it a week earlier for the first time in 30 weeks. As for what the dmas themselves have been doing, the 50-dma moved lower for a seventh week, but the 200-dma rose for a 23rd week in its longest positive streak since its 70-week streak ended in March 2022. The S&P 500 improved to 0.2% above its falling 50-dma from a 53-week low of 5.5% below its falling 50-dma a week earlier. For perspective, the latest reading is down from a 20-week high of 5.4% above its (rising) 50-dma in mid-June. Other comparison points include: a four-month low of 10.6% below its (falling) 50-dma at the end of September 2022, a 23-month high of 8.7% above its (rising) 50-dma in August 2022, and a 27-month low of 11.1% below its (falling) 50-dma in June 2022. The index had been trading above its 50-dma from most of late April 2020 to early April 2022; in June 2020, it was 11.7% above, which was the highest since its record high of 14.0% in May 2009. That compares to 27.7% below on March 23, 2020—its lowest reading since it was 29.7% below on Black Monday, October 19, 1987. Turning to the 200-dma, the price index improved to 2.4% above its rising 200-dma from a 42-week low of 3.1% below its rising 200-dma a week earlier. That compares to a 24-month high of 12.4% above its (rising) 200-dma in mid-July. The S&P 500 is well above its 26-month low of 17.1% below its (falling) 200-dma in June 2022 and compares to 17.0% above in December 2020, which was the highest since November 2009 and up from the 26.6% below registered during the Great Virus Crisis on March 23, 2020—the lowest reading since March 2009. At its worst level of the Great Financial Crisis following the failure of Lehman Brothers, the S&P 500 index was 39.6% below its 200-dma on November 11, 2008.

S&P 500 Sectors Technical Indicators (*link*): Five of the 11 S&P 500 sectors now trade above their 50-dmas, a big turnaround from a week earlier when all 11 sectors were trading below that measure. These five sectors moved above their 50-dma this week: Communication Services, Financials, Information Technology, Real Estate, and Utilities. That compares to all 11 S&P 500 sectors above their 50-dmas in the three weeks before the end of July. Just two sectors have a rising 50-dma, but that's up from none a week earlier when all 11 were falling. The 50-dmas of two sectors--Communication Services and Information Technology--turned higher this week. Looking at the more stable longer-term 200-dmas, the positive club expanded by three members to five w/w. Joining Communication Services and Information Technology in that club this week were the Consumer Discretionary, Energy, and Financials sectors. The rising 200-dma club added

one sector this week, as Industrials joined Communication Services, Consumer Discretionary, and Information Technology.

US Economic Indicators

Employment (*link*): Employment in October was a surprise on the downside, and there were downward revisions to the prior two months' readings. *Payroll employment* rose 150,000 (vs 180,000 expected), and there were downward revisions to September (to 297,000 from 336,000) and August payrolls (165,000 from 227,000), for a net loss of 101,000. October's payroll gain considerably below Q3's average monthly gain of 232,700. October's gain was impacted by the autoworkers' strike, with motor vehicles & parts jobs cut by 33,200. Private employment rose 99,000 in October, while government payrolls climbed 51,000. Private *service-providing* industries increased 110,000 in October—weaker than the Q3's average quarterly gain of 145,700. The gain *within service-providing* jobs was led by health care (58,000) and social assistance (19,000), with the former in line with the average monthly gain over the prior 12 months, while the latter was just below the average monthly gain of 23,000. Leisure & hospitality (19,000) job growth slowed, with hiring roughly one-third of the average 52,000 monthly gain over the prior 12 months. Employment in professional & business services (15,000) was little changed and has shown very little growth since May—up only 10,000 over the period. Transportation & warehousing (-12,000) was in the red and has shown little net change over the year, while information (-9,000) employment told a similar story—impacted by employment in the motion picture industry, reflecting the ongoing labor dispute. *Goods-producing* jobs fell 11,000 in October, as strikes in the auto industry cut overall manufacturing jobs by 35,000. Meanwhile, construction (+23,000) jobs continued to trend up, roughly in line with the average monthly gain of 18,000 over the prior 12 months. Here's a list of the *industries that are above their February 2020 pre-pandemic levels*: professional & business services (+1.6 million), transportation & warehousing (+900,500), health care (+642,700), construction (+425,000), social assistance (+308,100), financial activities (+284,000), wholesale trade (+197,800), education (+164,800), information services (+119,000), durable goods manufacturing (108,000), nondurable goods manufacturing (+67,000), and retail trade (+26,200). Here are the *industries that are below their February 2020 pre-pandemic levels*: mining & logging (-40,000) and leisure & hospitality (-223,000).

Wages (*link*): Average hourly earnings (AHE) for all workers rose in October by 0.2%, the lowest monthly gain since February 2022, following gains of 0.3% the prior two months. The yearly rate slowed to 4.1%, down from its recent high of 5.9% during March 2022 and

the lowest since mid-2021. October's 4.1% yearly rate was 0.4ppt above September's CPI rate of 3.7% and 0.7ppt above the PCED's rate of 3.4%. Private industry wages rose 3.2% (saar) over the three months through October, slowing from June's 4.8% rate and below its yearly rate of 4.1%, with both goods-producing (2.8% saar & 5.0% y/y) and service-providing (3.2 & 3.9) industries' three-month rates below their yearly rates, though the latter less so. _**Service-providing industries showing three-month rates above their yearly rates**_: other services (6.7 & 4.0), financial services (5.5 & 5.1), transportation & warehousing (5.3 & 5.1), and information services (2.0 & 1.4). _**Service-providing industries showing three-month rates below their yearly rates:**_ utilities (0.0 & 4.2), wholesale trade (1.8 & 4.3), retail trade (2.0 & 3.6), leisure & hospitality (2.4 & 4.5), professional & business services (3.4 & 4.5), with the two rates in education & health services (3.0 & 3.0) identical. _**Goods-producing industries**_: Three-month rates are below yearly rates for nondurable goods manufacturing (0.9 & 5.1), natural resources (2.6 & 6.0), durable goods manufacturing (2.8 & 4.5), and construction (3.7 & 5.0).

Earned Income Proxy (_link_): Our Earned Income Proxy (EIP), which tracks consumer incomes and spending closely, was unchanged in October at September's record high, slowing steadily from August's 0.6% increase. It had increased 40 of the prior 41 months, for a cumulative climb over the period of 40.4%. In October, _average hourly earnings_ advanced 0.2%, while _aggregate weekly_ hours fell 0.2%; private payroll employment increased 0.1%, while the average workweek fell 0.3%. Over the past 12 months, our EIP advanced 5.0%, slowing from 6.0% in August—with aggregate weekly hours up 0.9% and average hourly earnings up 4.1%; October's rate is below the 8.1% at the start of this year. The EIP peaked last February at 11.8%, which was the fastest since spring 2021.

Unemployment (_link_): The unemployment rate ticked up to 3.9% in October, the highest since January 2022. The participation rate ticked down to 62.7%, little changed from the 62.8% during both August and September—which was the highest since February 2020; it was at 62.6% the prior five months. It remains below its pre-pandemic reading of 63.3%. _By race_: The unemployment rate for Asians (to 3.1% from 2.8%) rose 0.3ppt, while the rate for Hispanics (4.8 from 4.6) increased 0.2ppt, with rates for African Americans (5.8 from 5.7) and Whites (3.5 from 3.4) both up 0.1ppt during the month. _By education_: The rate for those for those with a high school diploma edged down from 4.1% to 4.0%, while the rate for those with a college degree or higher was unchanged at 2.1%. Meanwhile, the rate for those with some college ticked up 0.1ppt to 3.1, while the one for those with less than a high school diploma rose from 5.5% to 5.8% last month. Here are the current rates compared to their record lows: less than a high school degree (5.8% vs 4.4%), high school degree (4.0 vs 3.2), some college or associates degree (3.1 vs 2.4), and bachelor's degree

or higher (2.1 vs 1.5).

Auto Sales (*link*): *Total motor vehicle sales* are stalled around recent highs at 15.7 mu (saar) the past two months through October, down from June's recent high of 16.2mu. Sales are up from the recent low of 12.7mu during May 2022. *Domestic light-truck* sales have pulled back slightly since reaching a recent high of 10.1mu (saar) in June, falling to 9.4mu in October, though that's 1.3mu above last December's recent low of 8.1 mu. *Domestic car sales* have fluctuated in a volatile flat trend between 2.0mu to 2.5mu the past 15 months, hovering around 2.3mu over the past few months. Sales of *imports* are in a volatile uptrend, accelerating from a recent low of 3.0mu last May to 4.0mu this October—the highest since mid-2021.

Global Economic Indicators

Global Manufacturing PMIs (***link***): "Weak demand leads to further cuts to output, employment and inventories in October," according to the latest report. The JP Morgan Global M-PMI fell to 48.8 in October, following a brief uptick in August and September to 49.2; the prior five months had seen the reading deteriorate from 49.9 in February to 48.6 in July. It's been below the breakeven point of 50.0 for the 14th straight month—making this the longest sequence of deterioration since the downturn from December 2000 to February 2002. Output rose in only six of the 30 nations for which data were available. Europe remained the principal drag on global manufacturing output, with the eight fastest contracting manufacturing nations all located on the continent. There was a dip in production volumes in Asia, "as strong growth in India and modest expansions in Indonesia and Thailand were more than offset by contractions in China and Japan," according to the report. Here's how October *M-PMIs ranked by country/region* from highest to lowest: India (55.5), Russia (53.8), Mexico (52.1), Indonesia (51.5), Greece (50.8) Kazakhstan (50.3), USA (50.0), South Korea (49.8), Vietnam (49.6), China (49.5), Myanmar (49.0), WORLD (48.8), Japan (48.1), Canada (48.6), Brazil (48.6), Turkey (48.4), Australia (48.2), Ireland (48.2), Colombia (48.1), Taiwan (47.6), Thailand (47.5), Malaysia (46.8), Spain (45.1), Italy (44.9), UK (44.8), Poland (44.5), Netherlands (43.8), EUROZONE (43.1), France (42.8), Czech Republic (42.0), Austria (41.7), and Germany (40.8).

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