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THE ECONOMY AT A GLANCE

ECONOMIC HIGHLIGHTS

November 6, 2023
Vol. 90, No. 158

DOLLAR IN RALLY MODE

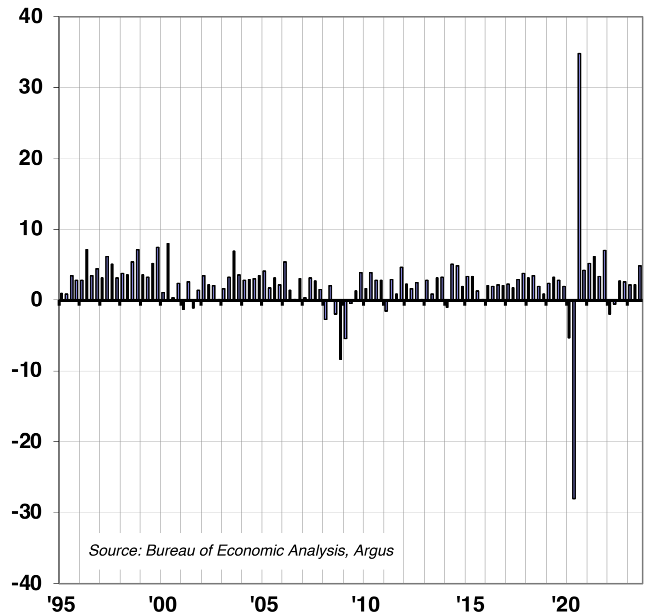
As U.S. interest rates have surged, yield-hungry investors are moving toward U.S. securities to take advantage, thus boosting the dollar. Indeed, the greenback is up 3% from July. But that is short-term news. Before this recent two-month rally, the dollar had been on a wild ride. The greenback spiked early in the pandemic, when global investors flocked to the security of assets denominated in U.S. currency. After peaking in April 2020, the dollar declined into 2021, but rose again for much of 2022, propelled by uncertainty surrounding the Russian invasion of Ukraine, soaring inflation, and higher global interest rates. By October 2022, on a real trade-weighted basis, the dollar was 23% above the average valuation over the past 20 years. Even as of this writing, it is 17% higher than normal. We anticipate a trading range around current levels for the greenback for the balance of the year. That's because we think U.S. GDP growth may be poised to slow due to the Fed's rate hikes. We also expect higher rates to increase the interest payments as a percent of GDP from recent lows of 1.5%, putting a modest strain on the U.S. balance sheet. Lastly, the current still-elevated valuation of the greenback implies that other currencies -- and even gold or other commodities -- are possibly undervalued, and we would expect investors (such as the petrodollar-fueled sovereign-wealth funds) to bid up those values at a measured pace over time.

U.S. DOLLAR TREND
REAL TRADE-WEIGHTED U.S. DOLLAR INDEX

FULL SPEED AHEAD FOR U.S. GDP

According to the advance estimate released by the Bureau of Economic Analysis, U.S. Gross Domestic Product expanded in the third quarter at an annualized rate of 4.9%. That's ahead of forecasts and at the fastest rate of growth since the stimulus-fueled quarters of 2021. Areas of strength in the quarter included Personal Consumption Expenditures on Services; Personal Consumption Expenditures on Durable Goods; Investment into Intellectual Property Products; Exports; and Government Spending. Inventories also increased. Segments of the economy that worked against GDP growth included Investment into Equipment and Imports. The GDP report also contains data on inflation. The PCE Price Index increased 2.9% in the third quarter, compared with an increase of 2.5% in the second quarter. Excluding food and energy, the PCE Price Index increased 2.4%, compared with an increase of 3.7% in the previous quarter. In our view, the recent report indicates that the consumer sector remains a strong driver of overall GDP, even in the wake of the Fed's rate-hike campaign. But we do expect the higher rates will soon have an impact on the consumer.

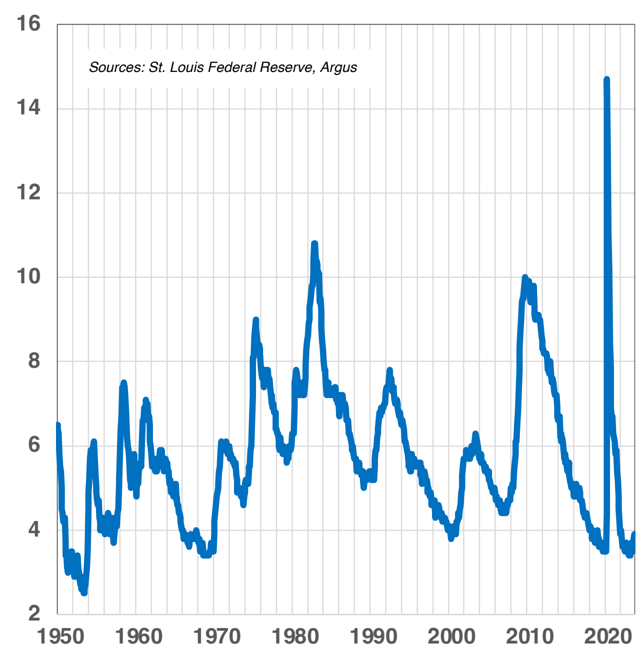
REAL GDP (% GROWTH/QTR)



SLOWING JOB GROWTH SUGGESTS FED IS DONE IN 2023

The U.S. economy generated 150,000 new jobs in October, just below our forecast of 160,000 and the consensus. The unemployment rate rose by one-tenth to 3.9%. Recently, the Fed maintained its 5.25%-5.5% policy rate and said financial and credit conditions for households and businesses are likely to weigh on economic activity, hiring, and inflation. The employment report validates the Fed's decision to pause, suggests policy is tight enough to cool the economy, and implies that the central bank will not need to raise rates in December. Average hourly earnings increased seven cents month-to-month and are now 4.1% higher year-over-year, below the 4.3% rise in September. The average workweek ticked down to 34.3 hours in October. Job gains in August and September were revised lower by 101,000. According a separate report from the Bureau of Labor Statistics, there were 1.5 job openings in September for each person unemployed. While this is down from 1.9 a year ago, it still suggests tightness in the labor market compared with an average of 0.68 since December 2000. Before the release, futures suggested a 20% probability that the Fed will raise the funds rate on December 13. After the release, that dropped to 10%.

U.S. UNEMPLOYMENT RATE (%)

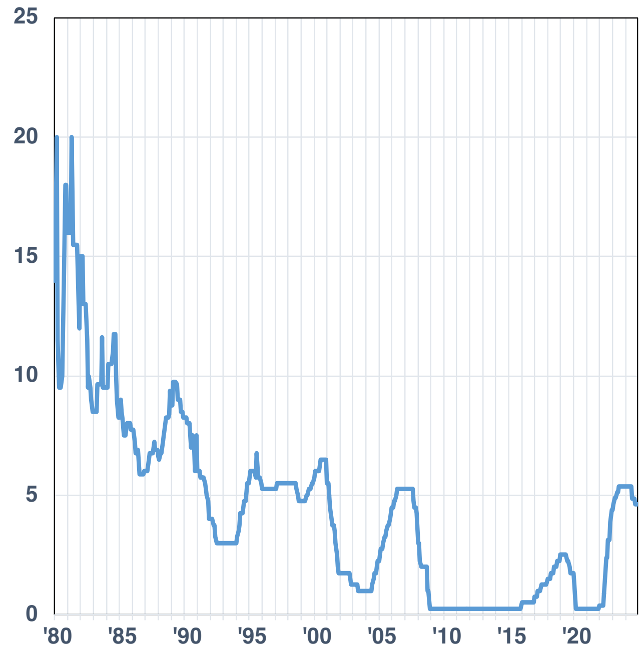


FINANCIAL MARKET HIGHLIGHTS

FED HEADS TO THE SIDELINES

The Fed, as expected, held the federal funds rate steady at 5.25%-5.50%. This followed a hike last month, the eleventh by the central bank over 16 months. The fed funds rate is now the highest it has been since 2000 and above the long-term average of 4.4%. The hikes have been bringing inflation down. The latest core CPI reading was 4.1%, down from 9.1% in July 2022, and the core PCE Price Index reading was 3.7%. Both remain well above the Fed's target of 2.0%. Now the drama will build for the next meeting. Will the Fed hike again or stay on the sidelines? According to the latest fed funds "dot plot" forecasts by the governors, the central bank's target for the rate at year-end is 5.63%. That's one more hike. We are not sure that's a good idea. Our forecast calls for the Fed to keep its target rate steady into mid-2024 as inflation continues to moderate. Yes, shelter and transportation costs remain stubbornly high, but energy prices have declined, and we don't see the need to keep raising rates. What's more, the Fed has another mandate besides keeping inflation low. It is also supposed to promote maximum employment. While the latest jobs reports have been consistent with GDP growth, we think the full impact of the Fed's decisions over the past year have yet to be felt by the consumer. Lastly, the Fed also appears willing to sit back and allow the bond market to do some of its work. The sharp upward trend at the long end of the yield curve over the past six months has no doubt contributed to tighter financial conditions.

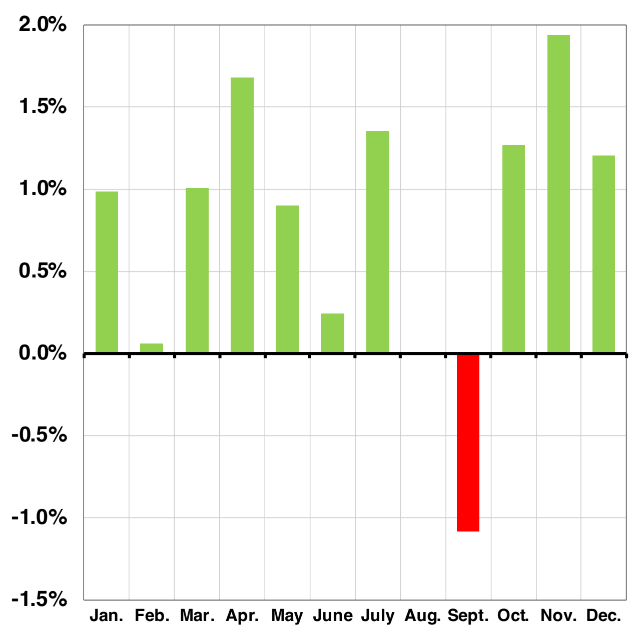
FEDERAL FUNDS TARGET RATE & FORECASTS (%)



INVESTORS LIKE NOVEMBER

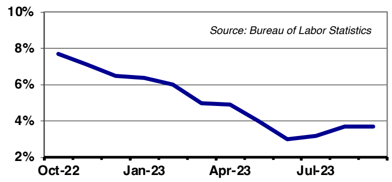
The U.S. stock market tends to rise. This long-term upward trajectory has its foundation in the country's democratic political system and its market-based, capitalist economic system. In theory, the stock market efficiently allocates the nation's capital to generate solid investment returns. Theory typically turns into reality in November, which since 1980 has been the best month for equity performance, with an average 1.9% gain, ahead of April (+1.70%), December (+1.2%), July (1.4%), and January (+1.0%). November's batting average is high as well: stocks rise during the month 72% of the time. Last year, the S&P 500 rose 5.1% for the month. November usually starts at a fast pace, as some companies are still reporting 3Q earnings and nonfarm payrolls are reported. This year, the Fed met and paused its rate-hike campaign, at least initially giving life to the rally that faded in late July.

AVERAGE MONTHLY S&P 500 APPRECIATION

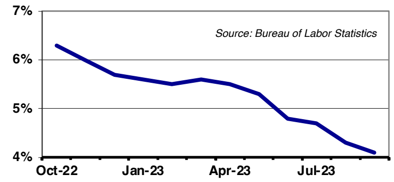


ECONOMIC TRADING CHARTS & CALENDAR

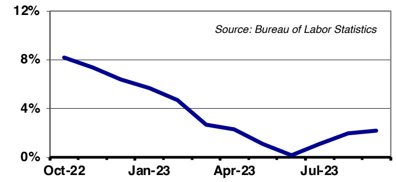
Release:	**Consumer Price Index**
Date:	11/14/2023
Month:	October
Previous Report:	3.7%
Argus Estimate:	3.3%
Street Estimate:	NA



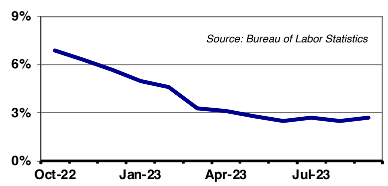
Release:	**CPI ex-Food & Energy**
Date:	11/14/2023
Month:	October
Previous Report:	4.1%
Argus Estimate:	4.2%
Street Estimate:	NA



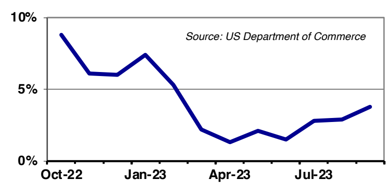
Release:	**PPI Final Demand**
Date:	11/15/2023
Month:	October
Previous Report:	2.2%
Argus Estimate:	1.8%
Street Estimate:	NA



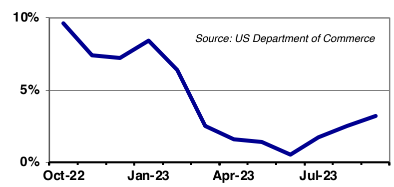
Release:	**PPI ex-Food & Energy**
Date:	11/15/2023
Month:	October
Previous Report:	2.7%
Argus Estimate:	2.3%
Street Estimate:	NA



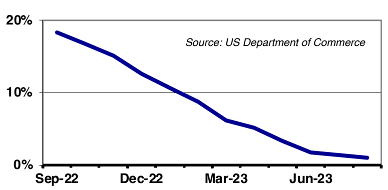
Release:	**Retail Sales**
Date:	11/15/2023
Month:	October
Previous Report:	3.8%
Argus Estimate:	4.0%
Street Estimate:	NA



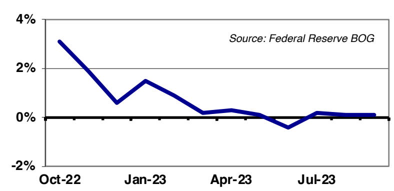
Release:	**Retail Sales ex-autos**
Date:	11/15/2023
Month:	October
Previous Report:	3.2%
Argus Estimate:	3.4%
Street Estimate:	NA



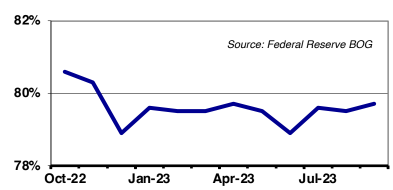
Release:	**Business Inventories**
Date:	11/15/2023
Month:	September
Previous Report:	1.0%
Argus Estimate:	0.8%
Street Estimate:	NA



Release:	**Industrial Production**
Date:	11/16/2023
Month:	October
Previous Report:	0.1%
Argus Estimate:	0.0%
Street Estimate:	NA

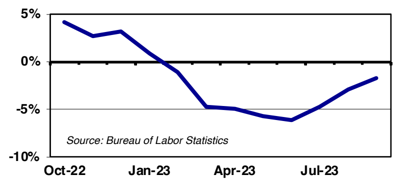


Release:	**Capacity Utilization**
Date:	11/16/2023
Month:	October
Previous Report:	79.7%
Argus Estimate:	79.4%
Street Estimate:	79.5%

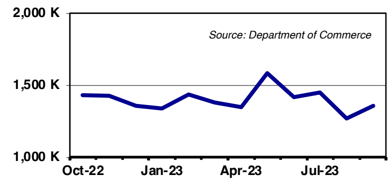


Previous Week's Releases and Next Week's Releases on next page.

Release:	**Import Price Index**
Date:	11/16/2023
Month:	October
Previous Report:	-1.7%
Argus Estimate:	-1.5%
Street Estimate:	NA



Release:	**Housing Starts**
Date:	11/17/2023
Month:	October
Previous Report:	1,358 K
Argus Estimate:	1,300 K
Street Estimate:	1,350 K



Previous Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
7-Nov	Trade Balance	September	-$58.3. Bil.	-$60.0. Bil.	NA	NA
8-Nov	Wholesale Inventories	September	-1.0%	-1.3%	NA	NA
10-Nov	U. of Michigan Sentiment	November	63.8	62.5	65.0	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
20-Nov	Leading Index	October	-0.7%	NA	NA	NA
21-Nov	Existing Home Sales	October	3.96 Mln.	NA	NA	NA
22-Nov	Durable Goods Orders	October	5.9%	NA	NA	NA