

# Capital Markets Snapshot

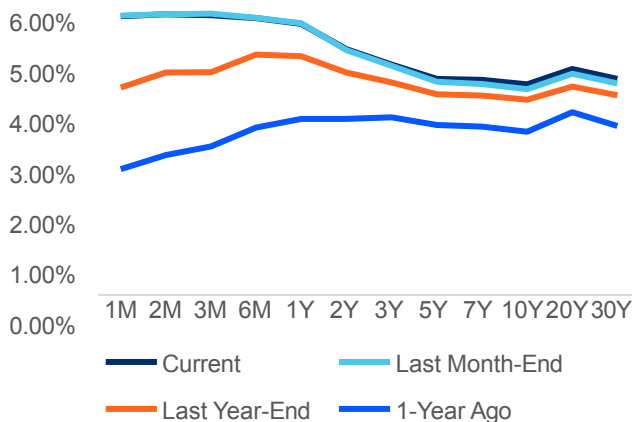
Week ending September 1, 2023

The labor market was in the news this week as several reports reflected a softening employment picture. The July JOLTS report (Job Openings and Labor Turnover Survey) fell to its lowest monthly level since March of 2021. This was followed by Friday's release of the August Non-Farm Payroll report which came in slightly above expectations with a gain of 187,000 but well below the past year's average of 236,000. Wage pressure came in below expectations with a monthly gain of 0.2%, while the labor force participation rate moved up to 62.8%, the highest level since February 2020. The markets reacted positively to this news on expectations that a softer jobs market will keep the Federal Reserve on hold with any rate hikes.

## Fixed Income Markets Overview

- With last week's data showing a cooling in the labor market, increased demand for short term U.S. Treasuries pushed the 2-year yield down. The 10-year U.S. Treasury yield was higher for the week.
- Other economic news this past week included a lowered revision of second quarter GDP, down to 2.1% from 2.4%, while personal spending came in above expectations, rising 0.8% in July.
- The week's economic data reduced expectations for a September rate hike by the Federal Reserve. On Friday, the CME Fedwatch Tool showed a 93% expectation of the Fed staying on hold at their September 20th FOMC meeting.

### U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of September 1, 2023

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.35%	1.92%	-0.73%	1.15%
	Core Plus				
Core Plus	Intermediate Govt/Credit	0.49%	1.53%	-2.70%	1.11%
	International Aggregate	0.58%	0.32%	-6.27%	-1.29%
	US Aggregate	0.48%	0.89%	-4.68%	0.39%
	US Treasury	0.39%	0.26%	-5.33%	0.11%
	US TIPS	0.07%	0.62%	-1.62%	2.19%
	US Corporate	0.44%	2.16%	-4.61%	1.29%
	US Corporate High Yield	0.95%	7.14%	1.73%	3.32%
Other	Emerging Markets Aggregate	0.56%	3.08%	-4.15%	0.92%
Muni	US Municipals	0.36%	1.57%	-1.32%	1.52%
	US Municipals High Yield	0.70%	3.46%	0.46%	2.36%

Source: Bloomberg as of September 1, 2023

#### Interest Rates (%)

Date	9/1/2023	8/31/2023	12/30/2022	9/1/2022
Federal Funds Rate	5.51%	5.52%	4.12%	2.53%
3 Month Treasury	5.53%	5.56%	4.42%	2.97%
6 Month Treasury	5.47%	5.48%	4.76%	3.34%
2 Year Treasury	4.87%	4.85%	4.41%	3.51%
5 Year Treasury	4.29%	4.23%	3.99%	3.39%
10 Year Treasury	4.18%	4.09%	3.88%	3.26%
30 Year Treasury	4.29%	4.20%	3.97%	3.37%
US Aggregate	5.03%	4.97%	4.68%	4.04%
US Corporate	5.68%	5.61%	5.42%	4.94%
US Corporate High Yield	8.40%	8.41%	8.96%	8.57%
US Municipal	3.79%	3.79%	3.55%	3.37%
US Municipal High Yield	5.88%	5.87%	5.83%	5.41%

#### Spreads Over 10-Year US Treasuries

Date	9/1/2023	8/31/2023	12/30/2022	9/1/2022
30 Year Treasury	0.11%	0.11%	0.09%	0.11%
US Aggregate	0.85%	0.88%	0.80%	0.78%
US Corporate	1.50%	1.52%	1.54%	1.68%
US Corporate High Yield	4.22%	4.32%	5.08%	5.31%
US Municipal	-0.39%	-0.30%	-0.33%	0.11%
US Municipal High Yield	1.70%	1.78%	1.95%	2.15%

Source: Bloomberg and U.S. Treasury as of September 1, 2023

## Equity Markets Overview

- All three equity indices were positive for the week, but by varying margins. The Nasdaq was the winner for the week rising 3.3%, while the S&P followed with a gain of 2.5% and the Dow Jones had an increase of 1.6%. The top performing sector was Information Technology with a gain of 4.4%, while Utilities was the worst performer of the week down 1.6%.
- While the week was positive, it was not enough to turn the indices positive for the month of August. Each of the three major indices were down for the month, with the Dow Jones down by 2.5%, the Nasdaq down 2.2% and the S&P down 1.7%
- Positive earnings reports were seen from Salesforce, Lululemon, and UBS, while HP and Brown Foreman fell below expectations.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)	
All-Cap	S&P 1500	2.63%	18.22%	9.96%	10.72%	
	Large-Cap	S&P 500	2.55%	18.95%	9.75%	11.16%
		S&P 500 Growth	2.88%	24.31%	5.97%	11.74%
Mid-Cap	S&P 500 Value	2.15%	13.09%	13.73%	9.59%	
	S&P Midcap 400	3.55%	11.07%	12.41%	7.17%	
	S&P Midcap 400 Growth	3.20%	13.19%	8.08%	6.59%	
Small-Cap	S&P Midcap 400 Value	3.93%	8.85%	16.88%	7.34%	
	S&P Smallcap 600	3.61%	8.33%	12.10%	4.03%	
	S&P Smallcap 600 Growth	3.46%	9.64%	8.76%	3.62%	
Int'l.	S&P Smallcap 600 Value	3.76%	7.04%	15.42%	4.17%	
	MSCI ACWI ex-USA	2.38%	8.85%	3.79%	3.35%	
	MSCI EM	1.51%	5.12%	-1.72%	1.09%	

Source: Bloomberg as of September 1, 2023

## Alternative Markets Overview

- The price of oil was up following reports of a drop in U.S. oil inventories that was greater than expected. It was also noted that Saudi Arabi is extending an oil production cut into October. The price per barrel closed higher by over 6.5% for the week.
- The price of gold rose for the second week in a row on reduced expectations for a September Fed rate hike.
- On Thursday, the Securities and Exchange Commission delayed any decision on Bitcoin ETF applications. The price of Bitcoin fell on this news and closed down 11% for the month of August.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	2.49%	4.33%	27.26%	5.80%
Gold	1.31%	6.99%	-0.11%	10.05%
FTSE All Equity NAREIT	1.67%	1.50%	3.58%	3.78%
Bitcoin	-1.44%	54.19%	31.05%	29.45%
Ethereum	-1.72%	34.83%	55.03%	41.68%

Source: Bloomberg as of September 1, 2023



### Upcoming Week

- Look for a few key economic reports this week including U.S. factory orders, the ISM Non-Manufacturing Index, and U.S. Consumer Credit.
- Other market news will include the Fed's latest Beige Book Survey and U.S. Consumer Credit.

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## Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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