

# Capital Markets Snapshot

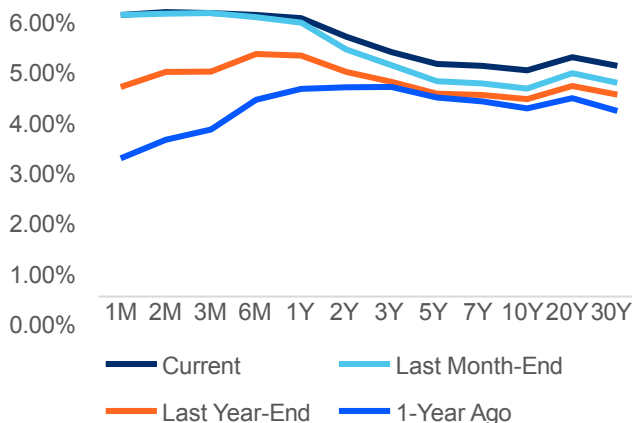
Week ending September 22, 2023

Comments from the Federal Reserve, the continuing UAW strike, and a potential government shutdown all weighed on the equity markets this week while moving interest rates to new highs for the year. As expected, the Federal Reserve kept rates unchanged at this week's FOMC meeting. More surprisingly, reports from the meeting showed that a majority of the FOMC officials were in favor of one more rate hike, if needed. The "dot-plot" projection of future rates now reflects expectations of only a 50-basis point cut in 2024 indicating rates may stay higher longer than was originally anticipated.

## Fixed Income Markets Overview

- Treasury yields were up after the FOMC meeting on Wednesday, but pulled back slightly on Friday. During the week, rates touched new highs for the year with the 2-year Treasury at 5.20% and the 10-year Treasury reaching 4.49%.
- According to CME FedWatch Tool, the earliest projection of a potential rate cut by the Federal Reserve has now moved out to July 2024.
- In line with the FOMC, on Thursday, the Bank of England also kept rates unchanged for the first time since December of 2021.

### U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of September 22, 2023

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	-0.02%	1.80%	-0.74%	1.15%
	Core Plus				
Core Plus	Intermediate Govt/Credit	-0.23%	0.89%	-2.86%	1.09%
	International Aggregate	-0.49%	-1.29%	-6.62%	-1.54%
	US Aggregate	-0.50%	-0.24%	-4.94%	0.33%
	US Treasury	-0.50%	-0.89%	-5.65%	0.09%
	US TIPS	-0.46%	0.10%	-1.60%	2.30%
	US Corporate	-0.34%	1.21%	-4.70%	1.21%
	US Corporate High Yield	-0.65%	6.31%	1.96%	3.08%
Other	Emerging Markets Aggregate	-0.63%	1.92%	-3.97%	0.54%
Muni	US Municipals	-1.07%	0.15%	-1.83%	1.40%
	US Municipals High Yield	-1.31%	1.94%	-0.13%	2.23%

Source: Bloomberg as of September 22, 2023

Interest Rates (%)				
Date	9/22/2023	8/31/2023	12/30/2022	9/22/2022
Federal Funds Rate	5.52%	5.52%	4.12%	2.73%
3 Month Treasury	5.56%	5.56%	4.42%	3.29%
6 Month Treasury	5.52%	5.48%	4.76%	3.87%
2 Year Treasury	5.10%	4.85%	4.41%	4.11%
5 Year Treasury	4.57%	4.23%	3.99%	3.91%
10 Year Treasury	4.44%	4.09%	3.88%	3.70%
30 Year Treasury	4.53%	4.20%	3.97%	3.65%
US Aggregate	5.26%	4.97%	4.68%	4.56%
US Corporate	5.88%	5.61%	5.42%	5.38%
US Corporate High Yield	8.73%	8.41%	8.96%	9.00%
US Municipal	4.06%	3.79%	3.55%	3.81%
US Municipal High Yield	6.04%	5.87%	5.83%	5.82%

Spreads Over 10-Year US Treasuries				
Date	9/22/2023	8/31/2023	12/30/2022	9/22/2022
30 Year Treasury	0.09%	0.11%	0.09%	-0.05%
US Aggregate	0.82%	0.88%	0.80%	0.86%
US Corporate	1.44%	1.52%	1.54%	1.68%
US Corporate High Yield	4.29%	4.32%	5.08%	5.30%
US Municipal	-0.38%	-0.30%	-0.33%	0.11%
US Municipal High Yield	1.60%	1.78%	1.95%	2.12%

Source: Bloomberg and U.S. Treasury as of September 22, 2023

## Equity Markets Overview

- Equities had their worst week in six months with all three major indices in negative territory. The Nasdaq took the largest hit with a decline of 3.6%. The S&P 500 was down 2.9%, while the Dow Jones Industrial Average declined 1.9%.
- All eleven of the S&P sectors were negative for the week. The largest declines were seen in the Consumer Discretionary sector, which fell 6.3%, followed by Real Estate which was down 5.5%.
- Look for earnings reports this week from Costco Wholesale, Nike, and Carnival Cruise Lines.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	-2.92%	12.95%	11.97%	9.51%
Large-Cap	S&P 500	-2.91%	13.88%	11.84%	9.96%
	S&P 500 Growth	-2.84%	18.55%	8.50%	10.63%
	S&P 500 Value	-3.00%	8.80%	14.97%	8.29%
Mid-Cap	S&P Midcap 400	-2.79%	3.93%	13.37%	5.77%
	S&P Midcap 400 Growth	-2.74%	6.39%	8.89%	5.36%
	S&P Midcap 400 Value	-2.84%	1.36%	18.06%	5.76%
Small-Cap	S&P Smallcap 600	-3.35%	0.30%	13.39%	2.88%
	S&P Smallcap 600 Growth	-3.22%	1.76%	10.03%	2.59%
	S&P Smallcap 600 Value	-3.49%	-1.15%	16.73%	2.90%
Int'l.	MSCI ACWI ex-USA	-2.17%	6.77%	4.34%	2.70%
	MSCI EM	-2.08%	3.00%	-1.20%	0.73%

Source: Bloomberg as of September 22, 2023

## Alternative Markets Overview

- Oil closed the week higher by only 0.1%, but remains above \$90 per barrel.
- Despite the decline in equities, Bitcoin managed to stay in positive territory this week, closing above \$26,000 on Friday.
- The price of gold fell following the FOMC announcement on Wednesday but managed to rally on Friday to close the week with a slight gain.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-1.00%	7.41%	29.86%	6.16%
Gold	-0.02%	6.26%	0.95%	9.96%
FTSE All Equity NAREIT	-5.43%	-4.31%	4.60%	2.85%
Bitcoin	0.55%	59.87%	37.07%	31.48%
Ethereum	-1.68%	32.80%	69.35%	45.06%

Source: Bloomberg as of September 22, 2023



### Upcoming Week

- The FOMC's favored inflation metric, Personal Consumption Expenditures (PCE) Price Index will be released on Friday. Current projections are looking for prices to have increased 0.5% in August, up from a 0.2% move in July.
- Other upcoming economic news this week includes the S&P/Case Schiller Composite Home Price Index, U.S. Durable Goods Orders, and the final reading of second quarter GDP.

## 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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