

Capital Markets Snapshot

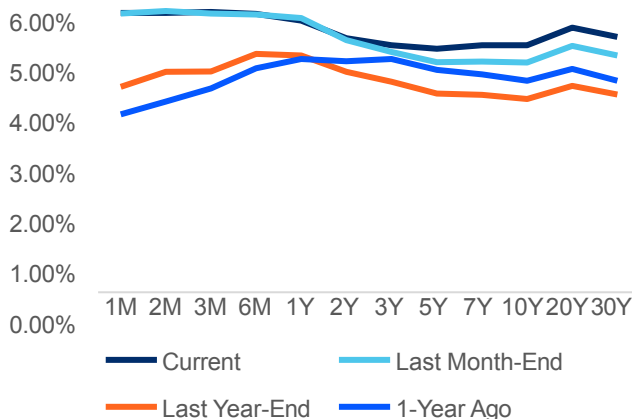
Week ending October 20, 2023

Continued tensions in the Middle East and rising U.S. Treasury yields weighed heavily on investors despite positive corporate earnings reports and strong retail sales numbers. On Thursday, Fed Chairman Powell commented that inflation remains above the Fed's target of 2.0% and future decisions about any rate moves would be based on incoming data. Current expectations for the November 1st FOMC meeting show a 98% probability that there will be no rate change, according to the CME Fedwatch Tool.

Fixed Income Markets Overview

- Yields continued to climb higher this week with the 10-year U.S. Treasury hitting 5.0% on Thursday. This marked the highest level for the benchmark Treasury since 2007.
- Higher interest rates do not appear to be slowing the U.S. consumer as retail sales were reported above analysts' estimates this week. September sales came in at 0.7%, while the August numbers were also revised upwards.
- The continued rise in interest rates has put pressure on the mortgage market where the rates moved higher again for a sixth week. According to Freddie Mac, the rate for a 30-year fixed mortgage averaged 7.63% last week. This is the highest level since December of 2000.

U.S. Treasury Yield Curve



Source: Bloomberg and U.S Treasury as of October 20, 2023

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.01%	2.08%	-0.66%	1.20%
	Core Plus				
	Intermediate Govt/Credit	-0.71%	-0.01%	-3.11%	0.95%
	International Aggregate	-1.01%	-3.52%	-7.61%	-1.73%
	US Aggregate	-1.73%	-3.13%	-5.72%	-0.11%
	US Treasury	-1.33%	-2.92%	-6.01%	-0.21%
	US TIPS	-0.71%	-1.44%	-2.12%	2.24%
	US Corporate	-2.06%	-2.25%	-5.69%	0.72%
	US Corporate High Yield	-1.17%	3.91%	0.62%	2.77%
Other	Emerging Markets Aggregate	-1.22%	-1.11%	-5.04%	0.01%
Muni	US Municipals	-1.42%	-2.22%	-2.46%	1.02%
	US Municipals High Yield	-2.13%	-1.42%	-1.17%	1.72%

Source: Bloomberg as of October 20, 2023

Interest Rates (%)

Date	10/20/2023	9/29/2023	12/30/2022	10/20/2022
Federal Funds Rate	5.56%	5.55%	4.12%	3.58%
3 Month Treasury	5.58%	5.55%	4.42%	4.09%
6 Month Treasury	5.54%	5.53%	4.76%	4.48%
2 Year Treasury	5.07%	5.03%	4.41%	4.62%
5 Year Treasury	4.86%	4.60%	3.99%	4.45%
10 Year Treasury	4.93%	4.59%	3.88%	4.24%
30 Year Treasury	5.09%	4.73%	3.97%	4.24%
US Aggregate	5.67%	5.39%	4.68%	5.21%
US Corporate	6.37%	6.04%	5.42%	6.13%
US Corporate High Yield	9.44%	8.88%	8.96%	9.64%
US Municipal	4.48%	4.32%	3.55%	3.97%
US Municipal High Yield	6.42%	6.25%	5.83%	6.07%

Spreads Over 10-Year US Treasuries

Date	10/20/2023	9/29/2023	12/30/2022	10/20/2022
30 Year Treasury	0.16%	0.14%	0.09%	0.00%
US Aggregate	0.74%	0.80%	0.80%	0.97%
US Corporate	1.44%	1.45%	1.54%	1.89%
US Corporate High Yield	4.51%	4.29%	5.08%	5.40%
US Municipal	-0.45%	-0.27%	-0.33%	-0.27%
US Municipal High Yield	1.49%	1.66%	1.95%	1.83%

Source: Bloomberg and U.S. Treasury as of October 20, 2023

Equity Markets Overview

- As mentioned, all three equity indices were down for the week. The Nasdaq took the largest loss and closed down 3.2%, the S&P 500 fell by 2.5%, while the Dow Jones was down 1.6%.
- Only two of the eleven S&P equity sectors were positive for the week. Consumer Staples was up by 0.8%, and Energy was up by 0.7%. The largest declines were seen in the Real Estate and Consumer Discretionary sectors which were both down 4.5%.
- On the earnings front, financial firms JPMorgan Chase, Wells Fargo, and Citigroup all reported better than expected earnings for the third quarter. Other positive earnings reports were seen from Pepsico, Johnson and Johnson, and Procter and Gamble.
- Look for a large slate of corporate earnings releases this week including Microsoft, General Electric, General Motors, and Amazon.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)	
All-Cap	S&P 1500	-2.34%	10.37%	8.78%	10.31%	
	Large-Cap	S&P 500	-2.38%	11.47%	8.82%	10.72%
		S&P 500 Growth	-2.78%	17.10%	5.72%	11.69%
	S&P 500 Value	-1.88%	5.31%	11.75%	8.68%	
Mid-Cap	S&P Midcap 400	-2.02%	-0.21%	8.33%	6.73%	
	S&P Midcap 400 Growth	-1.98%	2.98%	4.65%	6.70%	
	S&P Midcap 400 Value	-2.05%	-3.58%	12.03%	6.29%	
Small-Cap	S&P Smallcap 600	-1.72%	-4.17%	7.74%	4.20%	
	S&P Smallcap 600 Growth	-2.21%	-2.23%	5.02%	4.21%	
	S&P Smallcap 600 Value	-1.24%	-6.07%	10.37%	3.92%	
Int'l.	MSCI ACWI ex-USA	-2.57%	1.91%	1.65%	3.26%	
	MSCI EM	-2.69%	-1.05%	-4.30%	1.50%	

Source: Bloomberg as of October 20, 2023

Alternative Markets Overview

- The price of oil and gold continued to climb higher as investors look to safe haven assets in light of growing concerns in the Middle East. Gold rose over 3% for the week, while oil was up over 2%.
- The price of cryptocurrency Bitcoin rose above \$30,000 on Friday reaching its highest level since July. Analysts believe the move was due to investor optimism on the hopes of an SEC approval for a Bitcoin ETF.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	0.94%	6.82%	28.51%	5.94%
Gold	4.15%	9.63%	1.10%	10.12%
FTSE All Equity NAREIT	-3.94%	-9.36%	0.95%	2.57%
Bitcoin	10.43%	78.09%	32.48%	35.89%
Ethereum	3.97%	33.92%	60.02%	50.96%

Source: Bloomberg as of October 20, 2023



- The Fed's favored inflation metric, the September Personal Consumption Expenditures (PCE) Price Index will be released on Friday. Current expectations are for a slight decrease from the August reading.
- The U.S. Housing market will be a focus of this week's economic releases including the S&P/Case-Shiller Index on Tuesday, U.S. New Home Sales on Wednesday, and Pending Home Sales on Thursday.
- Other economic releases to look for this week include the first look at third quarter GDP, U.S. Durable Goods Orders, and the University of Michigan Consumer Sentiment.

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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