

Capital Markets Snapshot

Week ending October 27, 2023

Positive economic data could not help the stock market this week with all three major equity indices closing in negative territory. The continued strength of the U.S. economy was seen with the third quarter GDP release that came in above expectations at an annualized growth rate of 4.9%. This was a strong move up from the second quarter annual pace of 2.1%. Other reports during the week showed resilience in consumer spending with a gain of 0.7% for September, up from 0.4% in August.

Fixed Income Markets Overview

- It was a quiet week for bonds with the 10-year U.S. Treasury falling slightly to 4.8%. Recent moves in the bond market have helped to reduce the inversion between the 2 and the 10-year U.S. Treasury which declined to -19 basis points this week.
- The Federal Reserve favored inflation metric, the core Personal Consumption Expenditures (PCE) Index was released on Friday with a reading of 0.3% for September, in line with expectations. This marked an increase from the August reading of 0.1%.
- The Federal Reserve Open Market Committee (FOMC) will meet on Tuesday and Wednesday of this week. According to CME FedWatch Tool, the markets are projecting a 98% probability that the Fed will not make any rate changes at this meeting.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.20%	2.29%	-0.60%	1.20%
	Core Plus				
Core Plus	Intermediate Govt/Credit	0.42%	0.41%	-3.00%	0.94%
	International Aggregate	0.42%	-3.11%	-7.39%	-1.71%
	US Aggregate	0.68%	-2.48%	-5.57%	-0.09%
	US Treasury	0.55%	-2.39%	-5.93%	-0.24%
	US TIPS	0.36%	-1.08%	-2.03%	2.23%
	US Corporate	0.78%	-1.49%	-5.53%	0.81%
	US Corporate High Yield	0.40%	4.32%	1.06%	3.00%
Other	Emerging Markets Aggregate	0.50%	-0.61%	-4.79%	0.12%
Muni	US Municipals	-0.04%	-2.26%	-2.51%	0.95%
	US Municipals High Yield	-0.20%	-1.62%	-1.32%	1.59%

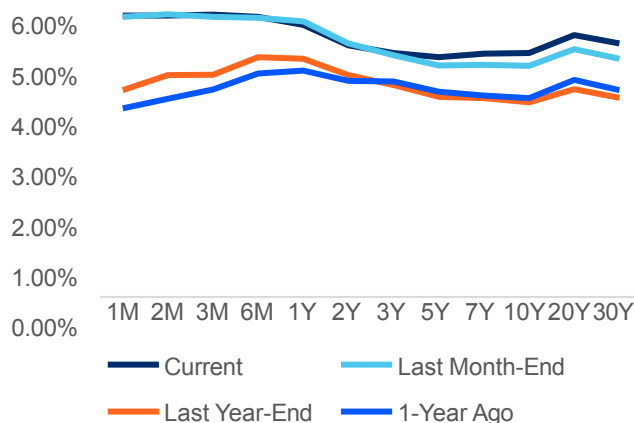
Source: Bloomberg as of October 27, 2023

Interest Rates (%)

Date	10/27/2023	9/29/2023	12/30/2022	10/27/2022
Federal Funds Rate	5.57%	5.55%	4.12%	3.76%
3 Month Treasury	5.59%	5.55%	4.42%	4.13%
6 Month Treasury	5.55%	5.53%	4.76%	4.44%
2 Year Treasury	4.99%	5.03%	4.41%	4.30%
5 Year Treasury	4.76%	4.60%	3.99%	4.09%
10 Year Treasury	4.84%	4.59%	3.88%	3.96%
30 Year Treasury	5.03%	4.73%	3.97%	4.12%
US Aggregate	5.58%	5.39%	4.68%	4.88%
US Corporate	6.28%	6.04%	5.42%	5.82%
US Corporate High Yield	9.35%	8.88%	8.96%	9.12%
US Municipal	4.49%	4.32%	3.55%	4.21%
US Municipal High Yield	6.44%	6.25%	5.83%	6.26%
Spreads Over 10-Year US Treasuries				
Date	10/27/2023	9/29/2023	12/30/2022	10/27/2022
30 Year Treasury	0.19%	0.14%	0.09%	0.16%
US Aggregate	0.74%	0.80%	0.80%	0.92%
US Corporate	1.44%	1.45%	1.54%	1.86%
US Corporate High Yield	4.51%	4.29%	5.08%	5.16%
US Municipal	-0.35%	-0.27%	-0.33%	0.25%
US Municipal High Yield	1.60%	1.66%	1.95%	2.30%

Source: Bloomberg and U.S. Treasury as of October 27, 2023

U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of October 27, 2023

Equity Markets Overview

- As mentioned, stocks continued to decline this week with all three indices down more than 2%. The only positive sector in the S&P was Utilities with a 1.2% gain. The largest declines were seen in the Communication Services sector, which was down 6.3% and Energy which was down 6.2%.
- Last week's earnings releases included disappointing results from both Exxon Mobil and Chevron. Chevron reported earnings below expectations while Exxon Mobil reported a decline in year over year profit.
- There were a number of positive earnings reports over the past week including Amazon, Intel, Merck, Microsoft, and Meta who all exceeded analysts' expectations. This upcoming week will see the release of over 1,200 earnings reports including McDonalds, Caterpillar, and Apple.
- Small cap stocks continued to remain under pressure this week, with the Russell 2000 down by over 2.00% falling to a three-year low.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)	
All-Cap	S&P 1500	-2.53%	7.58%	9.60%	10.62%	
	Large-Cap	S&P 500	-2.52%	8.66%	9.67%	11.04%
		S&P 500 Growth	-3.02%	13.57%	6.40%	11.83%
	S&P 500 Value	-1.91%	3.30%	12.81%	9.22%	
Mid-Cap	S&P Midcap 400	-2.77%	-2.97%	8.70%	7.02%	
	S&P Midcap 400 Growth	-2.69%	0.20%	4.92%	6.90%	
	S&P Midcap 400 Value	-2.85%	-6.33%	12.54%	6.68%	
Small-Cap	S&P Smallcap 600	-2.25%	-6.32%	8.54%	4.38%	
	S&P Smallcap 600 Growth	-1.58%	-3.78%	5.97%	4.55%	
	S&P Smallcap 600 Value	-2.87%	-8.76%	11.03%	3.95%	
Int'l.	MSCI ACWI ex-USA	-0.89%	1.00%	2.57%	3.86%	
	MSCI EM	-0.61%	-1.65%	-4.01%	2.05%	

Source: Bloomberg as of October 27, 2023

Alternative Markets Overview

- Bitcoin was up again this week, at one point reaching \$35,000, but closed around \$33,800 on Friday.
- Oil fell by 2% following reports of a larger than expected increase in U.S. crude inventories.
- Gold was up for the third consecutive week as investors continue to seek safe haven investments in light of Middle East tensions.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-1.46%	5.26%	29.53%	5.91%
Gold	-0.28%	9.33%	1.97%	9.95%
FTSE All Equity NAREIT	-1.49%	-10.70%	2.11%	2.48%
Bitcoin	13.99%	103.00%	36.72%	39.40%
Ethereum	10.52%	48.00%	66.44%	54.73%

Source: Bloomberg as of October 27, 2023



Upcoming Week

- In addition to the FOMC Meeting this week, we will also see the October Non-Farm Payroll report on Friday. Current expectations are for an increase of 172,000 jobs in October.
- Other key data this week includes ISM Manufacturing and Non-Manufacturing indices, U.S. Factory Orders, and Construction Spending.

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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