

Weekly Market Update



Market Data as of Week Ending: 10/27/2023 unless noted otherwise

Stock prices declined again for the week as investor sentiment was lowered by the combination of elevated bond yields and geopolitical risks. Quarterly earnings for companies in the S&P 500 were mixed but generally better than expected. Following three consecutive quarters of earnings contraction and nearly 50% of companies reported, analysts are now expecting 2.7% earnings growth in the third quarter. Value stocks outperformed growth again for the week, while large companies narrowly maintained their leadership position and outperformed their small and mid-sized peers. Nearly all major economic sectors ended the week in negative territory, with notable outperformance in the utilities, materials, and consumer staples sectors. There was no clear pattern in underperformance, with notable weakness in the energy, communication services, and healthcare sectors. Foreign developed and emerging market stock prices declined but outperformed their domestic peers.

U.S. Treasury yields rose as the 10-year yield crossed the 5% threshold for the first time since 2007. The 10-year yield settled back down and ended the week lower at 4.84%. Yields declined across the curve, and the 2-year finished at 4.99%. All segments of the bond market increased, and longer-duration bonds outperformed. Credit quality was mixed across the curve as short-duration corporate bonds outperformed, and long-duration government bonds were the best-performing segment. Yields ended the week lower for both U.S. investment-grade corporate and high-yield bonds, at 6.28% and 9.53%, respectively.

Economic data was generally favorable and headlined by third quarter GDP, which came in better than expected at 4.9%. Consumer spending remains robust and increased 4%, with notable strength in durable goods. Another notable contributor was the substantial increase in private inventories, which is often volatile and temporary. The September durable goods report exceeded expectations and increased 4.7% with strong demand for transportation equipment. Even after excluding transportation, results were solid (+0.5%), with notable strength in computers, electronics, machinery, and appliances. New home sales in September surged by more than 12% to a 19-month high of 759 thousand and easily beat consensus estimates. According to S&P Global, the October flash estimates for Manufacturing PMI increased to a six-month high of 50, and Services PMI increased to a three-month high of 50.9.

U.S. Equity Returns (Size & Style - Russell)

| | Week | | | MTD | | | QTD | | | YTD | | |
|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Value | Core | Growth | Value | Core | Growth | Value | Core | Growth | Value | Core | Growth |
| Large | -2.55% | -2.59% | -2.62% | -5.36% | -4.21% | -3.17% | -5.36% | -4.21% | -3.17% | -3.66% | 8.26% | 21.01% |
| Mid | -2.39% | -2.67% | -3.36% | -6.40% | -6.35% | -6.23% | -6.40% | -6.35% | -6.23% | -5.89% | -2.69% | 3.03% |
| Small | -2.28% | -2.60% | -2.94% | -7.47% | -8.25% | -9.06% | -7.47% | -8.25% | -9.06% | -7.96% | -5.91% | -4.29% |

U.S. Fixed Income Returns (Quality & Duration - Bloomberg)

| | Week | | | MTD | | | QTD | | | YTD | | |
|------|-------|--------|-------|--------|--------|--------|--------|--------|--------|-------|--------|---------|
| | Short | Interm | Long | Short | Interm | Long | Short | Interm | Long | Short | Interm | Long |
| Govt | 0.29% | 0.37% | 1.33% | 0.23% | -0.12% | -4.10% | 0.23% | -0.12% | -4.10% | 1.39% | 0.20% | -12.25% |
| Corp | 0.36% | 0.53% | 1.31% | 0.03% | -0.52% | -3.55% | 0.03% | -0.52% | -3.55% | 2.04% | 0.82% | -6.16% |
| HY | 0.31% | 0.40% | 0.29% | -1.10% | -1.41% | -3.38% | -1.10% | -1.41% | -3.38% | 5.08% | 4.44% | -0.03% |

Index Returns

| | Week | MTD | QTD | YTD |
|--------------------------|--------|--------|--------|--------|
| Equities (Stocks) | | | | |
| S&P 500 | -2.52% | -3.90% | -3.90% | 8.66% |
| S&P MidCap 400 | -2.77% | -6.95% | -6.95% | -2.97% |
| Russell 2000 | -2.60% | -8.25% | -8.25% | -5.91% |
| MSCI EAFE | -0.76% | -4.19% | -4.19% | 2.59% |
| MSCI Emerging Markets | -0.61% | -3.41% | -3.41% | -1.65% |
| MSCI EAFE Small Cap | -0.52% | -6.29% | -6.29% | -4.58% |
| Fixed Income (Bonds) | | | | |
| Bloomberg Int Gov/Credit | 0.42% | -0.24% | -0.24% | 0.41% |
| Bloomberg US Agg | 0.68% | -1.28% | -1.28% | -2.48% |
| Bloomberg US High Yield | 0.40% | -1.46% | -1.46% | 4.32% |
| Other | | | | |
| Bloomberg Commodity | -0.07% | 1.18% | 1.18% | -2.31% |
| S&P Dev Property | -1.91% | -6.13% | -6.13% | -9.48% |

S&P 500 Sector Returns

| | Week | MTD | QTD | YTD |
|--------------------|--------|--------|--------|---------|
| Consumer Disc | -1.05% | -6.34% | -6.34% | 18.64% |
| Consumer Staples | -0.98% | -3.08% | -3.08% | -7.70% |
| Energy | -6.15% | -6.54% | -6.54% | -0.91% |
| Financials | -2.39% | -5.17% | -5.17% | -6.73% |
| Health Care | -3.87% | -4.34% | -4.34% | -8.26% |
| Industrials | -2.31% | -4.82% | -4.82% | -0.54% |
| Info Technology | -1.67% | -1.76% | -1.76% | 32.35% |
| Materials | -0.44% | -4.56% | -4.56% | -2.07% |
| Real Estate | -1.23% | -5.04% | -5.04% | -10.21% |
| Communication Svcs | -6.29% | -3.98% | -3.98% | 34.84% |
| Utilities | 1.24% | -0.31% | -0.31% | -14.68% |

Bond Yields

| | 10/27/23 | 9/30/23 | 9/30/23 | 12/31/22 |
|---------------|----------|---------|---------|----------|
| 3Mo Libor | 5.64% | 5.66% | 5.66% | 4.77% |
| SOFR 3Mo Swap | 5.37% | 5.39% | 5.39% | 4.59% |
| 2Yr Treasury | 4.99% | 5.03% | 5.03% | 4.41% |
| 10Yr Treasury | 4.84% | 4.59% | 4.59% | 3.88% |
| 2-10 Slope | -0.15% | -0.44% | -0.44% | -0.53% |

Commodities and Currency

| | 10/27/23 | 9/30/23 | 9/30/23 | 12/31/22 |
|-----------------|----------|---------|---------|----------|
| Oil (\$/barrel) | 85.54 | 90.79 | 90.79 | 80.26 |
| Gold (\$/oz.) | 2006.37 | 1848.63 | 1848.63 | 1824.02 |

Past performance is not a guarantee of future results. We believe the information presented is reliable, but we do not guarantee its accuracy.