

Weekly Market Update



Market Data as of Week Ending: 9/15/2023 unless noted otherwise

Equities ended the week relatively flat as investors digested a bevy of economic data and news releases. Continued uncertainty regarding the path of monetary policy and elevated bond yields challenged higher valuation multiples. Style trends reversed as value outperformed growth while size factors were mixed with mid-cap stocks underperforming large and small-cap. Technology stocks led cyclical lower for the week as chip makers mostly underperformed. Oil prices remain elevated as WTI surged above \$90/barrel. The European Central Bank (ECB) raised rates but signaled that they may be near the end of the rate hiking cycle, which led developed foreign markets higher as MSCI EAFE returned 1.67% for the week. Emerging markets also outperformed, with MSCI EM returning 1.27%.

U.S. Treasury yields continued to increase last week, leading to mixed fixed-income performance. The yield curve continues to become less inverted as the 2-10yr lease contracted another 7bps to -0.69%. Money market rates were relatively unchanged, but the 10-year increased to 4.33%, and the 30-year increased to 4.42%. Long Government underperformed, while High Yield outperformed for the week. Yields for U.S. Corporates edged lower to 5.82% while High Yield increased to 8.62%. Mortgage rates remain elevated, with the 30-year fixed rate ending the week at 7.29%.

Economic releases for the week continue to support the narrative for a soft landing, but evidence of economic uncertainty is beginning to emerge. Investors shrugged off higher August CPI data as volatile energy prices were the largest contributor to a 0.6% increase of month-over-month headline CPI. The three-month-annualized core CPI measured 2.4% year-over-year, reflecting an improving inflation picture despite being above the Fed target. Elevated energy prices also led to higher prices for producers, with the August Producer Price Index increasing 0.7%. Final demand goods and services increased 2.0% and 0.2%, respectively. Retail sales continue to be resilient as August monthly sales increased 0.6% month-over-month. However, underlying data was mixed, with gasoline sales disproportionately leading all categories. Weekly initial jobless claims increased slightly to 220k. The University of Michigan preliminary Consumer Sentiment Index for September dropped to 67.7% and was below estimates. Survey respondents revealed that they feel confident that inflation will continue to cool but feel uncertain about the path of the economy. As expected, the United Auto Workers (UAW) began their strike as negotiations between the union and automakers stalled. The UAW abandoned its traditional strike playbook and instead will target all three major automakers simultaneously in an attempt to bottleneck production.

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

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	0.47%	-0.15%	-0.69%	-0.42%	-1.20%	-1.89%	0.30%	0.41%	0.50%	5.44%	17.16%	29.66%
Mid	-0.10%	-0.35%	-0.97%	-1.79%	-1.96%	-2.37%	-1.14%	-1.60%	-2.73%	4.04%	7.26%	12.77%
Small	0.37%	-0.20%	-0.79%	-2.09%	-2.70%	-3.34%	0.24%	-1.92%	-4.09%	2.75%	6.01%	8.91%

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	-0.05%	-0.14%	-1.23%	-0.32%	-0.58%	-3.11%	0.24%	-0.42%	-7.83%	1.21%	0.69%	-4.40%
Corp	-0.05%	-0.15%	-0.74%	-0.33%	-0.68%	-2.18%	0.44%	-0.26%	-4.21%	2.20%	2.06%	0.46%
HY	0.23%	0.19%	0.04%	0.08%	-0.10%	-0.37%	1.85%	1.57%	0.81%	6.94%	7.05%	6.01%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	-0.12%	-1.20%	0.35%	17.30%
S&P MidCap 400	-0.21%	-2.86%	-1.78%	6.91%
Russell 2000	-0.20%	-2.70%	-1.92%	6.01%
MSCI EAFE	1.67%	0.03%	-0.69%	10.90%
MSCI Emerging Markets	1.24%	0.61%	0.29%	5.19%
MSCI EAFE Small Cap	0.80%	-1.36%	-0.41%	5.09%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	-0.14%	-0.61%	-0.36%	1.13%
Bloomberg US Agg	-0.33%	-1.09%	-1.79%	0.26%
Bloomberg US High Yield	0.19%	-0.11%	1.55%	7.01%
Other				
Bloomberg Commodity	1.41%	1.59%	7.11%	-1.23%
S&P Dev Property	0.62%	-0.53%	0.28%	1.84%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	1.72%	0.66%	1.92%	35.61%
Consumer Staples	0.51%	-0.83%	-2.33%	-1.08%
Energy	0.15%	3.72%	13.41%	7.15%
Financials	1.48%	1.22%	3.32%	2.78%
Health Care	0.11%	-0.73%	-0.41%	-1.89%
Industrials	-0.59%	-2.95%	-2.12%	7.85%
Info Technology	-2.23%	-4.30%	-3.03%	38.44%
Materials	-0.11%	-1.43%	-1.41%	6.22%
Real Estate	0.44%	-0.65%	-2.42%	1.28%
Communication Svcs	0.55%	-0.03%	6.52%	45.12%
Utilities	2.74%	3.14%	-0.82%	-6.46%

Bond Yields

	9/15/23	8/31/23	6/30/23	12/31/22
3Mo Libor	5.66%	5.66%	5.55%	4.77%
SOFR 3Mo Swap	5.39%	5.40%	5.26%	4.59%
2Yr Treasury	5.02%	4.85%	4.87%	4.41%
10Yr Treasury	4.33%	4.09%	3.81%	3.88%
2-10 Slope	-0.69%	-0.76%	-1.06%	-0.53%

Commodities and Currency

	9/15/23	8/31/23	6/30/23	12/31/22
Oil (\$/barrel)	90.77	83.63	70.64	80.26
Gold (\$/oz.)	1923.91	1940.19	1919.35	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.