

Monthly Market Perspectives

October 2023

KEY INSIGHTS

- Stock prices continued their trend lower, marking the third consecutive month of declines. Bond yields rose as prices declined in response to strong labor markets and burgeoning US government debt.
- Employment remained strong and economic growth once again surprised to the upside. 3rd quarter GDP came in better than expected at the highest reading since the fourth quarter of 2021.
- Geopolitics took center stage as war erupted between Israel and Gaza.

ECONOMY

- The unemployment rate in the US held steady at 3.8% in October. While labor markets were quite strong, continuing claims for unemployment rose throughout the month, perhaps indicating a slowing of momentum.
- The headline inflation rate (CPI) in the US ticked up to 3.7% year over year in October. CPI less food and energy declined from 4.3% in September to 4.1% at the end of October.
- The US economy grew by an annualized 4.9% quarter over quarter in Q3 2023, more than double the pace of the second quarter and the highest reading since 2021. Consumer spending continued to drive the gains, rising 4% for the quarter.

EQUITY MARKETS

- In October, the S&P 500 declined 2.1%. US small and mid cap indices also declined, down 6.8 and 5.3% respectively. Developed international declined 4%. Emerging markets fell 3.9% for the month. From the recent peak of the market set on July 27th 2023, the S&P corrected 10% in the final week of October. All trick, no treat.
- Half of the S&P 500 had reported earnings as of month end, according to Factset, and the blended growth rate for earnings so far is 2.7%. If this ends up as the actual growth rate, it will mark the first quarter of year-over-year growth since the third quarter of 2022.

WHAT TO WATCH

- Unemployment data 11/3
- CPI data release 11/14
- ISM Services release 11/24
- Federal Reserve Rate Decision 12/13

FIXED INCOME

- In the bond markets, the ten year Treasury rose 36 basis points (0.36%) to end the month at 4.93%. The Bloomberg U.S. Aggregate Index fell by 1.6%. The Bloomberg U.S. Corporate High Yield Index fell by 1.2%.
- Overall, bond returns were negative as long duration Treasuries declined in price as interest rates beyond two years rose.
- The Federal Reserve met at month end in October, and took no action. Chairman Jerome Powell struck a neutral posture indicating that while recent increases in long term rates were tightening financial conditions, they would remain vigilant in the face of persistent inflation and raise rates again if necessary.

COMMODITIES / CURRENCIES / REAL ESTATE

- West Texas Intermediate (WTI) fell during the month, ending at \$81.02 a barrel.
- Gold prices increased to \$1,983 per oz., up \$137 from the end of September, largely due to the violence erupting in Israel and Gaza.
- The U.S. dollar (USD) Spot Index was range bound against a basket of currencies, after a steady climb higher since mid-July.
- Domestic real estate finished the month lower, as the Wilshire U.S. Real Estate Securities Index depreciated 4.66% in October.



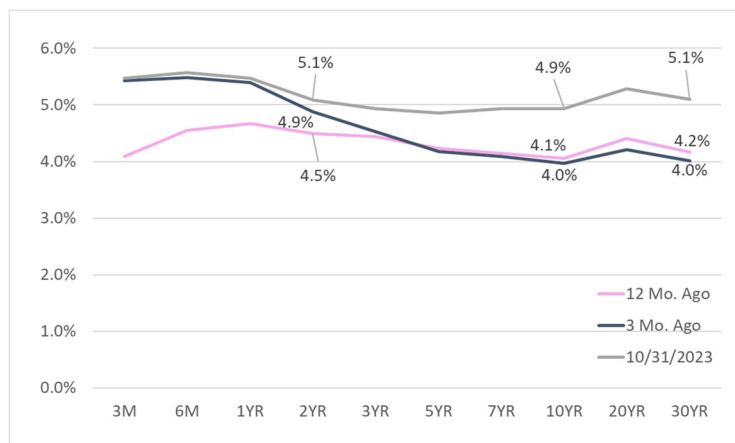
GLOBAL MARKET SUMMARY

Index	Level	1 Mos.	3 Mos.	12 Mos.
S&P 500	4193.8	-2.10%	-8.25%	10.12%
Dow Jones Industrial Average	33052.87	-1.26%	-6.55%	3.17%
NASDAQ Composite	12851.24	-2.76%	-10.24%	18.00%
MSCI Emerging Markets	915.2	-3.88%	-12.10%	11.20%
MSCI EAFE	1947.91	-4.05%	-10.80%	15.10%
MSCI All Country World	636.65	-2.99%	-9.52%	11.07%

U.S. TREASURY MARKET

Maturity	12 Mo. Ago	3 Mo. Ago	10/31/2023	Change 3 Month
1M	3.7%	5.4%	5.4%	0.03%
3M	4.1%	5.4%	5.5%	0.04%
6M	4.6%	5.5%	5.6%	0.09%
1YR	4.7%	5.4%	5.5%	0.07%
2YR	4.5%	4.9%	5.1%	0.21%
3YR	4.4%	4.5%	4.9%	0.40%
5YR	4.2%	4.2%	4.9%	0.68%
7YR	4.1%	4.1%	4.9%	0.85%
10YR	4.1%	4.0%	4.9%	0.97%
20YR	4.4%	4.2%	5.3%	1.07%
30YR	4.2%	4.0%	5.1%	1.09%

U.S. TREASURY YIELD CURVE



U.S. EQUITY SIZE & STYLE RETURNS

3 Month				12 Months		
Value	Core	Growth		Value	Core	Growth
-8.85%	-8.25%	-7.74%	Large	7.65%	10.12%	11.89%
-14.62%	-12.91%	-11.31%	Medium	-3.41%	-1.11%	0.97%
-16.55%	-15.07%	-13.56%	Small	-9.73%	-7.74%	-5.64%

S&P 500 Index Sector Returns

Index	1 Mos.	3 Mos.	12 Mos.
Information Technology	0.0%	-8.1%	30.8%
Health Care	-3.2%	-6.7%	-4.6%
Financials	-2.5%	-8.0%	-2.7%
Cons. Discretionary	-4.5%	-11.2%	8.4%
Industrials	-2.9%	-10.5%	6.1%
Communication Services	-1.8%	-5.4%	35.8%
Cons. Staples	-1.2%	-9.1%	-2.7%
Energy	-6.0%	-1.8%	-2.1%
Utilities	1.3%	-10.3%	-7.7%
Real Estate	-2.8%	-12.5%	-6.6%
Materials	-3.2%	-10.8%	4.8%

U.S. FIXED INCOME

Index	Level	1 Mos.	3 Mos.	1 Year
Bloomberg U.S. Treasury Bills: 1-3 Months	272	0.3%	0.7%	2.9%
Bloomberg U.S. Aggregate	1,992	-1.6%	-4.7%	0.4%
Bloomberg Treasury	2,129	-1.2%	-3.9%	-0.6%
Bloomberg U.S. TIPS	324	-0.7%	-3.4%	-0.7%
Bloomberg U.S. Credit	2,913	-1.9%	-5.2%	2.8%
Bloomberg Corporate High Yield	2,287	-1.2%	-2.1%	6.2%

OTHER

	10/31/2023	9/29/2023	7/31/2023
Fed Funds Target	5.5	5.5	5.5
30-Year Fixed Mortgage	8.06	7.74	7.26
WTI Oil (\$/barrel)	81.02	88.8	80.35
Gold (\$/oz)	1983.88	1848.63	1965.09
Natural Gas (\$/mmBtu)	3.575	2.929	2.634
Euro (\$/€)	1.0575	1.0573	1.0997

