

# Capital Markets Snapshot

Prepared by Stalt Financial

Week ending September 15, 2023

Rising oil prices were in the news this past week, as the higher prices are now reflected in key economic releases. The August Consumer Price Index (CPI) came in higher than expected with a monthly increase of 0.6%. However, the core CPI, which excludes food and energy, was only up 0.3% for the month and was only slightly above analysts' estimates. The price per barrel of West Texas Intermediate crude oil was up for the third week in a row and rose above \$90 on Thursday amid continued supply pressures. According to AAA, the average price per gallon of gas in the U.S. is now at \$3.87.

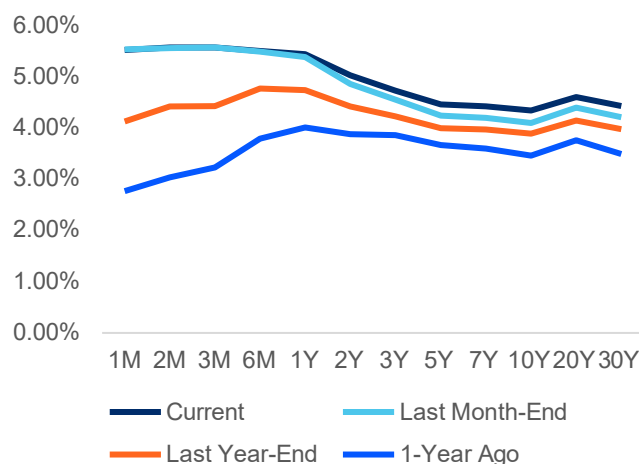
## Fixed Income Markets Overview

- The 2-year U.S. Treasury climbed back up over 5% during the week, while the 10-year U.S Treasury approached its highest level of the year on Friday.
- On Wednesday, the European Central Bank (ECB) raised their key rate to 4.00% in a continued effort to fight inflation. However, the bank stated they believed this new level should help inflation return to its target levels.
- The U.S. Consumer was a bright spot of news last week as August retail sales came in above expectations at 0.6%. This was driven in part by gas station sales which rose 5.2% due to continued higher gas prices. Excluding these gas store sales, retail sales came in line with expectations, up 0.2%.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.00%	1.82%	-0.74%	1.16%
	Intermediate Govt/Credit	-0.14%	1.13%	-2.80%	1.11%
Core Plus	International Aggregate	-0.28%	-0.80%	-6.65%	-1.43%
	US Aggregate	-0.33%	0.26%	-4.79%	0.38%
	US Treasury	-0.35%	-0.39%	-5.46%	0.12%
	US TIPS	-0.30%	0.55%	-1.54%	2.36%
	US Corporate	-0.35%	1.55%	-4.66%	1.24%
	US Corporate High Yield	0.19%	7.01%	1.81%	3.23%
Other	Emerging Markets Aggregate	-0.17%	2.56%	-4.18%	0.77%
Muni	US Municipals	-0.10%	1.23%	-1.45%	1.54%
	US Municipals High Yield	0.01%	3.29%	0.37%	2.43%

Source: Bloomberg as of September 15, 2023

## U.S. Treasury Yield Curve



Source: Bloomberg and U.S Treasury as of September 15, 2023

## Interest Rates (%)

Date	9/15/2023	8/31/2023	12/30/2022	9/15/2022
Federal Funds Rate	5.51%	5.52%	4.12%	2.76%
3 Month Treasury	5.56%	5.56%	4.42%	3.22%
6 Month Treasury	5.49%	5.48%	4.76%	3.78%
2 Year Treasury	5.02%	4.85%	4.41%	3.87%
5 Year Treasury	4.45%	4.23%	3.99%	3.66%
10 Year Treasury	4.33%	4.09%	3.88%	3.45%
30 Year Treasury	4.42%	4.20%	3.97%	3.48%
US Aggregate	5.17%	4.97%	4.68%	4.31%
US Corporate	5.82%	5.61%	5.42%	5.12%
US Corporate High Yield	8.53%	8.41%	8.96%	8.61%
US Municipal	3.88%	3.79%	3.55%	3.54%
US Municipal High Yield	5.90%	5.87%	5.83%	5.61%

## Spreads Over 10-Year US Treasuries

Date	9/15/2023	8/31/2023	12/30/2022	9/15/2022
30 Year Treasury	0.09%	0.11%	0.09%	0.03%
US Aggregate	0.84%	0.88%	0.80%	0.86%
US Corporate	1.49%	1.52%	1.54%	1.67%
US Corporate High Yield	4.20%	4.32%	5.08%	5.16%
US Municipal	-0.45%	-0.30%	-0.33%	0.09%
US Municipal High Yield	1.57%	1.78%	1.95%	2.16%

Source: Bloomberg and U.S. Treasury as of September 15, 2023

## Equity Markets Overview

- The equity market indices were relatively flat this week with the only gain in the Dow Jones Industrial Average, up 0.1%. The S&P 500 Index was down 0.1%, while the Nasdaq fell by 0.4%.
- A majority of the S&P sectors were positive for the week led by Utilities with a gain of 2.7%, followed by Consumer Discretionary which was up 1.7%. The largest decline of the week was Information Technology which fell by 2.2%.
- The market will be keeping a close eye on the United Auto Workers strike that started on Friday against General Motors, Ford, and Chrysler's parent company Stellantis. There is concern that a prolonged disruption to auto production could impact the overall U.S. economy.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>All-Cap</b>	S&P 1500	-0.12%	16.34%	11.36%	10.32%
<b>Large-Cap</b>	S&P 500	-0.12%	17.30%	11.28%	10.80%
	S&P 500 Growth	-0.40%	22.01%	8.12%	11.35%
	S&P 500 Value	0.21%	12.17%	14.12%	9.28%
<b>Mid-Cap</b>	S&P Midcap 400	-0.21%	6.91%	12.26%	6.32%
	S&P Midcap 400 Growth	-0.17%	9.39%	8.25%	5.75%
	S&P Midcap 400 Value	-0.26%	4.32%	16.32%	6.47%
<b>Small-Cap</b>	S&P Smallcap 600	0.13%	3.78%	12.03%	3.35%
	S&P Smallcap 600 Growth	-0.17%	5.15%	8.98%	2.88%
	S&P Smallcap 600 Value	0.44%	2.42%	14.99%	3.54%
<b>Int'l.</b>	MSCI ACWI ex-USA	1.71%	9.14%	3.83%	3.71%
	MSCI EM	1.24%	5.19%	-1.67%	1.61%

Source: Bloomberg as of September 15, 2023

## Alternative Markets Overview

- The price of gold was up last week due to the combination of a weaker U.S. dollar and hopes of a pause in interest rate hikes. Other precious metals such as silver and platinum were also higher for the week.
- In the cryptocurrency market, Bitcoin was up over 3% this week, while Ethereum was relatively flat.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	2.40%	8.49%	29.76%	6.80%
Gold	0.00%	6.28%	-0.58%	9.91%
FTSE All Equity NAREIT	0.83%	1.19%	3.40%	3.92%
Bitcoin	2.01%	58.99%	33.92%	32.24%
Ethereum	-0.83%	35.07%	64.32%	49.14%

Source: Bloomberg as of September 15, 2023



### Upcoming Week

- The September FOMC meeting will be held on Tuesday and Wednesday of this week. CME FedWatch Tool is showing a 99% probability of the Fed staying on hold with any rate moves.
- In addition to the Fed meeting, the markets will get a look at the housing market this week with U.S. Housing Starts and Existing Homes Sales scheduled to be released.

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## 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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