

Capital Markets Snapshot

Courtesy of Stalt Financial

Week ending November 10, 2023

Comments from Federal Reserve Chairman Powell weighed on investors this week, but corporate earnings helped to keep the equity markets in positive territory. On Thursday, Chairman Powell stated the Fed was “not confident” they’ve reached a level of interest rates restrictive enough to bring inflation to their stated 2.0% target. This was followed by Friday’s release of the University of Michigan Consumer Sentiment Index, which was down for the fourth month in a row. A key standout from the survey was consumer’s expectations for long run inflation which was at 3.2%, the highest level since 2011.

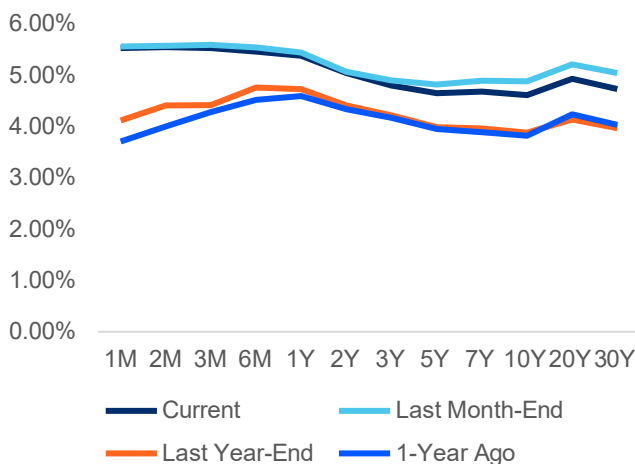
Fixed Income Markets Overview

- Yields were up for the week following Chairman Powell’s comments, but the 2-year U.S. Treasury was the only key rate to close above 5.00% by Friday.
- Investors paid close attention to this week’s bond auctions, which were positive for the 3- and 10-year notes, but not well received for the 30-year bond. The 30-year U.S. Treasury saw its lowest demand in two years.
- The quarterly Federal Reserve Senior Loan Officer Survey was released on Monday. While the data continues to show tightened lending standards for both businesses and consumers, the report noted that loan demand was also down for the quarter.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	-0.25%	2.47%	-0.53%	1.26%
	Core Plus				
	Intermediate Govt/Credit	-0.36%	1.12%	-2.69%	1.15%
	International Aggregate	-0.44%	-1.67%	-6.88%	-1.29%
	US Aggregate	-0.29%	-0.82%	-4.92%	0.35%
	US Treasury	-0.30%	-1.20%	-5.22%	0.11%
	US TIPS	-0.62%	-0.26%	-1.52%	2.56%
	US Corporate	0.01%	0.57%	-4.93%	1.29%
	US Corporate High Yield	-0.30%	6.87%	0.90%	3.43%
Other	Emerging Markets Aggregate	-0.20%	1.30%	-4.67%	0.53%
Muni	US Municipals	0.80%	0.38%	-1.77%	1.55%
	US Municipals High Yield	0.99%	1.96%	-0.38%	2.39%

Source: Bloomberg as of November 10, 2023

U.S. Treasury Yield Curve



Source: Bloomberg and U.S Treasury as of November 10, 2023

Interest Rates (%)

Date	11/10/2023	10/31/2023	12/30/2022	11/10/2022
Federal Funds Rate	5.53%	5.56%	4.12%	3.71%
3 Month Treasury	5.53%	5.59%	4.42%	4.28%
6 Month Treasury	5.46%	5.54%	4.76%	4.52%
2 Year Treasury	5.04%	5.07%	4.41%	4.34%
5 Year Treasury	4.65%	4.82%	3.99%	3.95%
10 Year Treasury	4.61%	4.88%	3.88%	3.82%
30 Year Treasury	4.73%	5.04%	3.97%	4.03%
US Aggregate	5.41%	5.65%	4.68%	4.73%
US Corporate	6.07%	6.35%	5.42%	5.60%
US Corporate High Yield	8.93%	9.49%	8.96%	8.91%
US Municipal	4.12%	4.49%	3.55%	3.99%
US Municipal High Yield	6.14%	6.45%	5.83%	6.10%

Spreads Over 10-Year US Treasuries

Date	11/10/2023	10/31/2023	12/30/2022	11/10/2022
30 Year Treasury	0.12%	0.16%	0.09%	0.21%
US Aggregate	0.80%	0.77%	0.80%	0.91%
US Corporate	1.46%	1.47%	1.54%	1.78%
US Corporate High Yield	4.32%	4.61%	5.08%	5.09%
US Municipal	-0.49%	-0.39%	-0.33%	0.17%
US Municipal High Yield	1.53%	1.57%	1.95%	2.28%

Source: Bloomberg and U.S. Treasury as of November 10, 2023

Equity Markets Overview

- All three equity indices closed with gains for the week, led by the Nasdaq which had a gain of 2.4%. The S&P closed up 1.4%, and the Dow Jones Industrial Average was up by 0.7%.
- It was another big week for earnings reports which included positive results from Walt Disney, Planet Fitness, UBS, and Emirates Group. Several companies fell below analysts' estimates for the third quarter including Uber and Trade Desk.
- As we enter the final stretch of earnings season, look for some major retailers to report this week including Home Depot, Target, TJX, and Walmart. Other notable releases include scheduled reports from Cisco Systems and Applied Materials.
- According to FactSet, 81% of the S&P 500 companies reporting Q3 results reported an upside surprise to their earnings results, with 92% of those companies having reported so far.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	1.08%	15.22%	8.80%	11.12%
Large-Cap	S&P 500	1.35%	16.60%	9.00%	11.59%
	S&P 500 Growth	1.99%	22.07%	6.20%	12.54%
	S&P 500 Value	0.58%	10.63%	11.40%	9.57%
Mid-Cap	S&P Midcap 400	-1.53%	1.81%	6.63%	7.02%
	S&P Midcap 400 Growth	-1.25%	4.66%	3.15%	6.91%
	S&P Midcap 400 Value	-1.85%	-1.19%	10.06%	6.67%
Small-Cap	S&P Smallcap 600	-2.90%	-2.23%	5.65%	4.37%
	S&P Smallcap 600 Growth	-2.28%	-0.33%	3.01%	4.27%
	S&P Smallcap 600 Value	-3.47%	-4.09%	8.20%	4.21%
Int'l.	MSCI ACWI ex-USA	-0.71%	4.56%	0.74%	3.85%
	MSCI EM	0.02%	1.44%	-4.64%	1.89%

Source: Bloomberg as of November 10, 2023

Alternative Markets Overview

- The price of oil fell again this week on concerns of slowing global demand.
- Gold was down almost 3% by the end of the week following Chairman Powell's comments on uncertainty over rates.
- Bitcoin continued to move higher this week on continued optimism over potential approval of an ETF. At one point on Friday, the price moved above \$37,000.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-3.68%	-0.82%	24.61%	5.99%
Gold	-2.65%	7.05%	1.43%	9.89%
FTSE All Equity NAREIT	-2.58%	-5.39%	0.67%	2.80%
Bitcoin	7.84%	124.58%	33.36%	42.57%
Ethereum	14.75%	74.17%	64.97%	58.75%

Source: Bloomberg as of November 10, 2023



Upcoming Week

- The major releases of the week will be the Consumer Price Index (CPI) on Tuesday and the Producer Price Index (PPI) on Wednesday. Current expectations are looking for both reports to come in below the previous months' readings.
- Other key economic reports include U.S. Retail Sales, Industrial Production, and Housing Starts.

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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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