



Capital Markets Snapshot

Courtesy of LWS Financial

Week ending December 15, 2023

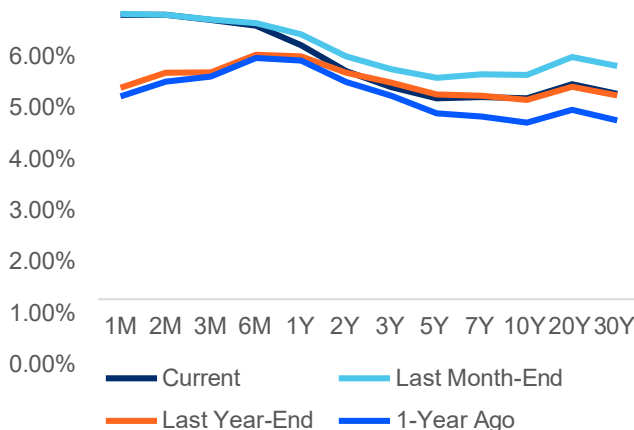
The Federal Reserve provided potential signs of a pivot on interest rates this week following their December FOMC meeting. While they did not raise rates as this session, the “dot-plot” of the committee members expectations of future moves projected three rate cuts in 2024. Fed Chairman Powell did acknowledge the FOMC will “proceed carefully” as inflation remains above the Fed’s preferred level. This news caused bond yields to fall and helped to boost the stock markets to new highs for the year.

Fixed Income Markets Overview

- As mentioned, bond prices rallied after the FOMC meeting pushing yields lower with the 10-year U.S. Treasury falling below 4% by Friday, while the 30-year U.S Treasury fell to 4.01%.
- Other key data releases during the week included November retail sales came in above expectations and the Consumer Price Index (CPI) came in line with expectations at 3.1% on a year-over-year basis, which is down from the October level of 3.2%.
- At the wholesale level, the November Producer Price Index (PPI) also came in at a slower rate with a reading of 0.9% versus 1.2% in October, which was the second lowest reading on the PPI in 2023.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.61%	4.16%	-0.05%	1.47%
Core Plus	Intermediate Govt/Credit	1.37%	4.63%	-1.76%	1.64%
	International Aggregate	2.44%	4.65%	-5.67%	-0.23%
	US Aggregate	2.16%	4.88%	-3.42%	1.16%
	US Treasury	1.97%	3.54%	-3.94%	0.67%
	US TIPS	2.06%	3.91%	-0.81%	3.27%
	US Corporate	2.68%	7.99%	-3.23%	2.60%
	US Corporate High Yield	1.92%	12.24%	1.86%	4.70%
Other	Emerging Markets Aggregate	2.22%	8.23%	-3.21%	1.73%
Muni	US Municipals	1.15%	5.93%	-0.49%	2.31%
	US Municipals High Yield	1.81%	8.95%	0.82%	3.56%

U.S. Treasury Yield Curve



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

Interest Rates (%) Source: Bloomberg as of December 15, 2023

Date	12/15/2023	11/30/2023	12/30/2022	12/15/2022
Federal Funds Rate	5.54%	5.56%	4.12%	3.95%
3 Month Treasury	5.44%	5.45%	4.42%	4.34%
6 Month Treasury	5.33%	5.38%	4.76%	4.70%
2 Year Treasury	4.44%	4.73%	4.41%	4.23%
5 Year Treasury	3.91%	4.31%	3.99%	3.62%
10 Year Treasury	3.91%	4.37%	3.88%	3.44%
30 Year Treasury	4.00%	4.54%	3.97%	3.48%
US Aggregate	4.63%	5.05%	4.68%	4.34%
US Corporate	5.15%	5.60%	5.42%	5.08%
US Corporate High Yield	7.80%	8.43%	8.96%	8.45%
US Municipal	3.27%	3.57%	3.55%	3.40%
US Municipal High Yield	5.56%	5.81%	5.83%	5.61%

Spreads Over 10-Year US Treasuries

Date	12/15/2023	11/30/2023	12/30/2022	12/15/2022
30 Year Treasury	0.09%	0.17%	0.09%	0.04%
US Aggregate	0.72%	0.68%	0.80%	0.90%
US Corporate	1.24%	1.23%	1.54%	1.64%
US Corporate High Yield	3.89%	4.06%	5.08%	5.01%
US Municipal	-0.64%	-0.80%	-0.33%	-0.04%
US Municipal High Yield	1.65%	1.44%	1.95%	2.17%

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

Equity Markets Overview

- All three major equity indices were higher by more than 2% for the week. Communication Services was the only S&P sector with a loss, down by 0.1%. Real Estate was the winning sector of the week with a gain of 5.4%, followed by Materials with an increase of 4.0%.
- The small cap sector continued to rally this week with the Russell 2000 up by more than 5.0%.
- Stocks in the news this past week included Costco and Darden Restaurants, which both reported earnings exceeded analysts' estimates. Darden Restaurants also increased their guidance for 2024. Tech company Adobe was able to beat revenue expectations, but lowered guidance for 2024; meanwhile, Oracle Corp reported results below analysts' expectations.
- While most third quarter earnings reports have been released, there will be a few key reports to look for this week including FedEx, General Mills, and Nike.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	2.72%	24.02%	9.96%	14.29%
Large-Cap	S&P 500	2.53%	24.89%	10.15%	14.61%
	S&P 500 Growth	1.90%	28.65%	6.82%	15.13%
	S&P 500 Value	3.29%	20.81%	13.17%	13.07%
Mid-Cap	S&P Midcap 400	4.38%	14.83%	8.05%	11.41%
	S&P Midcap 400 Growth	3.77%	16.09%	4.39%	10.75%
	S&P Midcap 400 Value	5.06%	13.58%	11.64%	11.64%
Small-Cap	S&P Smallcap 600	5.83%	13.53%	6.96%	9.72%
	S&P Smallcap 600 Growth	5.52%	14.24%	3.93%	9.04%
	S&P Smallcap 600 Value	6.11%	12.70%	9.87%	10.07%
Int'l.	MSCI ACWI ex-USA	2.60%	13.05%	1.27%	6.26%
	MSCI EM	2.69%	7.23%	-5.10%	3.11%

Source: Bloomberg as of December 15, 2023

Alternative Markets Overview

- After a strong rally over the past few weeks, Bitcoin fell this week but still remained above \$41,000 as of Friday.
- Gold continued to move higher, up by another 1.2% for the week.
- The recent decline in the price of oil is helping consumers as AAA reported the national average price per gallon was \$3.137 last week, its lowest level for the year.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	1.09%	-4.12%	20.16%	7.02%
Gold	1.21%	12.05%	3.15%	10.47%
FTSE All Equity NAREIT	5.42%	10.22%	5.61%	5.94%
Bitcoin	-4.75%	154.35%	26.61%	67.87%
Ethereum	-4.84%	87.57%	53.36%	93.75%

Source: Bloomberg as of December 15, 2023



Upcoming Week

- The key economic release of the week will be the Personal Consumption Expenditures (PCE) Price Index on Friday, which will gauge the current inflationary environment.
- Other releases this week will provide a picture of the U.S. Housing market including the National Association of Home Builders Housing Market Index, the National Association of Realtors Existing Home Sales, and U.S. Census Bureau reports on Housing Starts and New Home Sales.

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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