



# Capital Markets Snapshot

Prepared by LWS Financial

Week ending August 25, 2023

The market was focused on the Federal Reserve's Symposium in Jackson Hole, Wyoming this week, most notably Chairman Powell's speech on Friday. While no significant changes were mentioned, Powell acknowledged that although inflation has come down from its peak, it remains too high above the Fed's preferred target. He noted that any future rate moves will continue to depend on incoming data and they are prepared to keep rates at a "restrictive level" until inflation trends lower.

## Fixed Income Markets Overview

- Following Chairman Powell's comments, the 2-year U.S. Treasury rose above 5.00% where it has not been since March of this year.
- Economic data during the week showed some signs of a slowing economy. U.S. Durable Goods orders fell by 5.2% in July, which was the largest decline in 3 years. Existing home sales fell by 2.2% last month due to higher mortgage rates and a lack of housing supply. This marked a decline of 16.6% from last year's level.
- Mortgage rates continued to climb higher with the average 30-year mortgage loan rising to 7.23% from 7.09% the previous week, according to Freddie Mac.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>Short</b>	1-3 Year Govt/Credit	-0.07%	1.56%	-0.81%	1.08%
<b>Core Plus</b>	Intermediate Govt/Credit	-0.01%	1.04%	-2.77%	1.01%
	International Aggregate	-0.08%	-0.26%	-6.30%	-1.40%
	US Aggregate	0.28%	0.41%	-4.71%	0.28%
	US Treasury	0.17%	-0.13%	-5.37%	0.01%
	US TIPS	0.37%	0.55%	-1.51%	2.14%
	US Corporate	0.61%	1.72%	-4.51%	1.15%
<b>Other</b>	US Corporate High Yield	0.42%	6.13%	1.57%	3.14%
	Emerging Markets Aggregate	0.49%	2.50%	-4.10%	0.71%
<b>Muni</b>	US Municipals	-0.40%	1.21%	-1.51%	1.44%
	US Municipals High Yield	-0.58%	2.75%	0.17%	2.20%

Source: Bloomberg as of August 25, 2023

### Interest Rates (%)

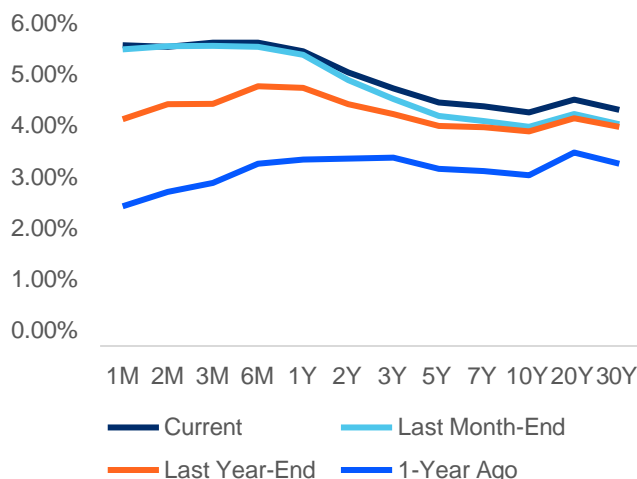
Date	8/25/2023	7/31/2023	12/30/2022	8/25/2022
Federal Funds Rate	5.56%	5.48%	4.12%	2.42%
3 Month Treasury	5.61%	5.55%	4.42%	2.88%
6 Month Treasury	5.61%	5.53%	4.76%	3.25%
2 Year Treasury	5.03%	4.88%	4.41%	3.35%
5 Year Treasury	4.44%	4.18%	3.99%	3.15%
10 Year Treasury	4.25%	3.97%	3.88%	3.03%
30 Year Treasury	4.30%	4.02%	3.97%	3.25%
US Aggregate	5.13%	4.85%	4.68%	3.81%
US Corporate	5.77%	5.45%	5.42%	4.63%
US Corporate High Yield	8.65%	8.30%	8.96%	7.93%
US Municipal	3.84%	3.50%	3.55%	3.23%
US Municipal High Yield	5.94%	5.70%	5.83%	5.25%

### Spreads Over 10-Year US Treasuries

Date	8/25/2023	7/31/2023	12/30/2022	8/25/2022
30 Year Treasury	0.05%	0.05%	0.09%	0.22%
US Aggregate	0.88%	0.88%	0.80%	0.78%
US Corporate	1.52%	1.48%	1.54%	1.60%
US Corporate High Yield	4.40%	4.33%	5.08%	4.90%
US Municipal	-0.41%	-0.47%	-0.33%	0.20%
US Municipal High Yield	1.69%	1.73%	1.95%	2.22%

Source: Bloomberg and U.S. Treasury as of August 25, 2023

## U.S. Treasury Yield Curve



## Equity Markets Overview

- The S&P and Nasdaq both posted gains for the week, but the Dow Jones was down slightly.
- Equity sectors were mixed with Information Technology leading with a gain of 2.6%, while Energy had the biggest decline at -1.4%.
- Nvidia was the stock focus of the week as the company reported earnings that exceeded analysts' estimates and issued optimistic guidance for the third quarter.
- Earnings reports from retailers came in mixed with Dicks Sporting Goods, Dollar Tree, and Macys all falling below estimates due to a slowdown in sales. However, Neiman Marcus and Abercrombie and Fitch were among stores that reported positive sales trends, which helped them exceed analysts' estimates.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	0.77%	15.19%	10.06%	10.35%
Large-Cap	S&P 500	0.84%	15.99%	9.90%	10.82%
	S&P 500 Growth	1.39%	20.83%	6.12%	11.48%
	S&P 500 Value	0.20%	10.72%	13.83%	9.16%
Mid-Cap	S&P Midcap 400	0.03%	7.26%	11.84%	6.53%
	S&P Midcap 400 Growth	0.27%	9.68%	7.62%	6.13%
	S&P Midcap 400 Value	-0.23%	4.73%	16.20%	6.51%
Small-Cap	S&P Smallcap 600	-0.36%	4.56%	11.52%	3.43%
	S&P Smallcap 600 Growth	0.35%	5.97%	8.31%	3.19%
	S&P Smallcap 600 Value	-1.09%	3.17%	14.68%	3.40%
Int'l.	MSCI ACWI ex-USA	0.05%	6.32%	2.94%	2.92%
	MSCI EM	0.74%	3.56%	-2.22%	0.91%

Source: Bloomberg as of August 25, 2023

## Alternative Markets Overview

- The price of oil fell for the second week in a row. Most analysts cite slowing Chinese demand as the reason for the price pullback.
- The U.S. Treasury Department issued proposed rules for the cryptocurrency industry this week, including a customized tax form. The proposal is open for comment until October 30th.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	0.62%	1.80%	25.50%	5.51%
Gold	1.15%	5.61%	-0.30%	9.85%
FTSE All Equity NAREIT	0.72%	-0.17%	4.07%	3.60%
Bitcoin	-0.39%	56.44%	31.28%	31.44%
Ethereum	-0.74%	37.19%	61.95%	42.51%

Source: Bloomberg as of August 25, 2023



### Upcoming Week

- Look for a large slate of economic releases this week including the Consumer Confidence Index, Personal Income, U.S. Pending Home Sales, and the Personal Consumption Expenditures (PCE) Index.
- The August Non-Farm Payroll report will be released on Friday. Current expectations are looking for a gain of 170,000 jobs, down slightly from the July report

## 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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