WEEKLY MARKET UPDATE | SEPTEMBER 29, 2023

Stocks end the week with mixed emotions.

The economy

- Following a three-day downturn, U.S. equities rallied late in the week ending September 29, and ended the period with mixed performance. Better-than-expected core inflation data offset investors' uncertainty regarding the implications of a higher-for-longer interest-rate environment and a potential U.S. federal government shutdown. Among the major U.S. stock indices, the tech-heavy Nasdaq Composite Index eked out a small gain for the week, while the Dow Jones Industrial Average and the broad-market S&P 500 Index lost ground. All three indexes finished in negative territory for the third quarter.
- The U.S. Department of Commerce reported that the personal-consumption-expenditures (PCE) price index was up 0.4% in August and 3.5% over the previous 12-month period. However, the core PCE price index, which excludes volatile food and energy costs, rose just 0.1% for the month and 3.9% year-over-year, down from the 4.3% annual rise in July. The PCE price index is the Fed's preferred gauge of inflation, as it tracks the change in prices paid by or on behalf of consumers for a more comprehensive set of goods and services than that of the consumer-price index (CPI).
- A shutdown of the U.S. federal government inched closer, as Kevin McCarthy, Speaker of the U.S. House of Representatives, struggled to find votes in time to meet a September 30 deadline to keep the government funded. The U.S. Senate advanced a bipartisan stopgap bill in hopes of averting a crisis, but McCarthy warned "I don't see the support (for the Senate's bill) in the House." A government shutdown would have wide-ranging economic consequences, including a potentially negative impact on gross domestic product, a common measure of a country's economic health.
- U.S. consumer confidence, as measured by the Conference Board Consumer Confidence Index®, an indicator of U.S. economic health based on consumer sentiment, retreated for the second month in a row in September. The data fell short of consensus expectations, which had already anticipated a decline for the month. According to Dana Peterson, Chief Economist at the Conference Board, "Write-in responses showed that consumers continued to be preoccupied with rising prices in general, and for groceries and gasoline in particular. Consumers also expressed concerns about the political situation and higher interest rates."
- According to the third estimate from the Department of Commerce, U.S. gross domestic product (GDP) grew at annualized rate of 2.1% in the second quarter of 2023, unchanged from the government's second estimate released in August, and down 0.1 percentage point from the 2.2% rise in the first three months of the year. The largest increases for the second quarter were in nonresidential fixed investment (purchases of both nonresidential structures and equipment and software), consumer spending, and state and local government spending. These gains offset reductions in exports and residential fixed investment (purchases of private residential structures and residential equipment that property owners use for rentals). The marginal decline in the GDP growth rate for the second quarter compared to the first three months of the year was due to slowdowns in consumer and federal government spending, as well as a decrease in exports. These were offset by upturns in private inventory investment (a measure of the changes in values of inventories from one time period to the next) and an acceleration in nonresidential fixed investment.
- Oil prices and U.S. Treasury yields remained volatile during the week. Brent crude oil prices, boosted by supply cuts from Saudi Arabia and Russia, rose to a 10-month high on Wednesday before declining sharply at the end of the week. On Thursday, the yield on the 10-year Treasury note reached 4.66%—its highest level since October 2007—amid investors' anxiety regarding the potential for higher-for-longer interest rates, and ended the week up 15 basis points to 4.58%.

Stocks

- Global equities closed down for the week. Emerging markets fared better than developed markets.
- U.S. equities were mixed during the week. Energy and materials outperformed other sectors, while utilities and consumer staples lagged. Growth stocks led value, while small caps outperformed large caps.

Bonds

- The 10-year U.S. Treasury note yield increased to 4.58% during the week.
- Global bond markets retreated for the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

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The Numbers as of September 29, 2023	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	-1.0%	8.5%	17.7%	656.7
MSCI EAFE ($)	-2.0%	4.1%	22.3%	2024.4
MSCI Emerging Mkts ($)	-2.1%	-1.3%	8.1%	944.1
US & Canadian Equities				
Dow Jones Industrials ($)	-1.3%	1.1%	14.7%	33507.5
S&P 500 ($)	-0.7%	11.7%	17.8%	4288.1
NASDAQ ($)	0.1%	26.3%	23.1%	13219.3
S&P/ TSX Composite (C$)	-1.2%	0.8%	6.0%	19541.2
UK & European Equities				
FTSE All-Share (£)	-1.1%	1.3%	10.2%	4127.2
MSCI Europe ex UK (€)	-1.3%	6.4%	19.5%	1576.0
Asian Equities				
Topix (¥)	-2.2%	22.8%	24.3%	2323.4
Hong Kong Hang Seng ($)	-1.4%	-10.0%	3.8%	17809.7
MSCI Asia Pac. Ex-Japan ($)	-2.0%	-3.7%	7.4%	487.1
Latin American Equities				
MSCI EMF Latin America ($)	-2.7%	6.9%	12.2%	2275.5
Mexican Bolsa (peso)	-1.6%	4.9%	12.7%	50826.4
Brazilian Bovespa (real)	0.4%	6.2%	8.2%	116484.6
Commodities ($)				
West Texas Intermediate Spot	-0.4%	13.1%	11.8%	90.8
Gold Spot Price	-3.7%	1.6%	11.7%	1853.7
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-1.2%	-2.5%	2.2%	434.8
JPMorgan Emerging Mkt Bond	-1.5%	0.7%	8.4%	773.9
10-Year Yield Change (basis points*)				
US Treasury	15	70	79	4.58%
UK Gilt	19	77	30	4.44%
German Bund	10	27	66	2.84%
Japan Govt Bond	2	34	51	0.77%
Canada Govt Bond	11	73	85	4.03%
Currency Returns**				
US$ per euro	-0.8%	-1.3%	7.7%	1.057
Yen per US$	0.7%	14.0%	3.4%	149.42
US$ per £	-0.3%	1.0%	9.8%	1.220
C$ per US$	0.7%	0.2%	-0.7%	1.358

Source: Bloomberg. Equity-index returns are price only, others are total returns.

*100 basis points = 1 percentage point.

**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

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