WEEKLY MARKET UPDATE | SEPTEMBER 8, 2023

U.S. stocks slip on an oil slick.

The economy

- U.S. equities recorded negative returns for the week ending September 8, amid investors' worries regarding the impact of rising oil prices on inflation—and, by extension, U.S. Federal Reserve monetary policy—as well as a decline in the share price of a mega-cap technology company. The tech-heavy Nasdaq Composite took the biggest hit, given the mega-cap tech company's outsized position within the index.
- West Texas Intermediate (WTI) and Brent crude oil prices moved higher during the week on news that Saudi Arabia and Russia will extend voluntary reductions in oil production through the end of this year. The Brent crude price rose above $90.00 per barrel for the first time since November 2022, and ended the week up 2.2% at $90.50.
- A mega-cap tech company's stock price fell sharply after China reportedly banned employees of central government agencies, local governments, and state-owned enterprises from using the firm's electronic devices at work, igniting investors' concerns that the ban will hamper the company's revenue.
- According to the U.S. Census Bureau, new orders for manufactured goods fell 2.1% in July (the most recent reporting period)—ending a streak of four consecutive monthly increases—but rose 0.5% compared to the same period in 2022. The government attributed the decline in July mainly to orders for transportation equipment, which were down 14.5% for the month. Excluding transportation, new orders rose 0.7% in July. New orders for manufactured nondurable goods increased 1.1% month-over-month. A downturn in new orders generally indicates weakness in the overall U.S. economy.
- In contrast, the Institute for Supply Management's (ISM) Services Purchasing Managers' Index (PMI) rose 1.7 points to 54.5 in August. The reading represented the PMI's eighth consecutive month above 50, indicating expansion in the services sector. The services sector has grown in 38 of the past 39 months. The Business Activity Index ticked up 0.2 points to 57.3 in August—its eighth straight monthly upturn—while the New Orders Index expanded by 2.5 points to 57.5.
- According to the Department of Labor, initial unemployment insurance claims—a barometer of the health of the labor market—fell by 13,000 to 216,000 during the week ending September 2. However, the total represented a notable upturn from the 197,000 claims filed over the same period in 2022. The four-week moving average of initial claims dropped by 8,500 week-over-week to 229,250, but was up 22,350 from the four-week average of 206,000 for the same period a year earlier.
- Mortgage rates remained relatively high, weighing on home affordability and hampering activity in the housing market. According to Freddie Mac, the average interest rate on a 30-year fixed-rate mortgage dipped 6 basis points (0.06%) to 7.12% during the seven-day period ending September 7—down from a 24-year high of 7.23% two weeks earlier, but up sharply from 5.89% during the same period in 2022. The average rate remained well above its historical low of 2.65% reached in January 2021.
- The Mortgage Bankers Association (MBA) reported that mortgage applications in the U.S. were down 2.9% during the week ending September 1, compared to the previous seven-day period. The MBA's Refinance Index fell 5.0% week-over-week and plummeted 30% versus the same period in 2022, as many current homeowners have mortgages that they were able to secure before interest rates began to rise sharply in the first quarter of last year. The Purchase Index decreased 5.0% and 28.0% for the week and year-over-year, respectively.

Stocks

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

Bonds

- The 10-year U.S. Treasury note yield increased to 4.26% during the week.
- Global bond markets declined for the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of September 8, 2023	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	-1.4%	11.9%	10.7%	677.7
MSCI EAFE ($)	-1.3%	6.9%	15.4%	2077.2
MSCI Emerging Mkts ($)	-1.2%	1.8%	1.7%	973.6
US & Canadian Equities				
Dow Jones Industrials ($)	-0.7%	4.3%	8.8%	34576.6
S&P 500 ($)	-1.3%	16.1%	11.3%	4457.5
NASDAQ ($)	-1.9%	31.5%	16.0%	13761.5
S&P/ TSX Composite (C$)	-2.3%	3.6%	3.4%	20074.7
UK & European Equities				
FTSE All-Share (£)	0.1%	-0.1%	2.1%	4072.7
MSCI Europe ex UK (€)	-1.0%	8.4%	12.8%	1605.5
Asian Equities				
Topix (¥)	0.4%	24.7%	20.5%	2359.0
Hong Kong Hang Seng ($)	-1.0%	-8.0%	-3.5%	18202.1
MSCI Asia Pac. Ex-Japan ($)	-1.2%	-0.6%	0.8%	502.8
Latin American Equities				
MSCI EMF Latin America ($)	-2.9%	8.6%	7.8%	2312.1
Mexican Bolsa (peso)	-1.2%	8.4%	13.5%	52516.1
Brazilian Bovespa (real)	-2.4%	4.9%	4.7%	115116.8
Commodities ($)				
West Texas Intermediate Spot	2.3%	9.0%	4.8%	87.5
Gold Spot Price	-1.0%	5.3%	12.5%	1919.8
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-0.9%	-0.6%	0.1%	443.2
JPMorgan Emerging Mkt Bond	-0.7%	3.1%	4.4%	791.8
10-Year Yield Change (basis points*)				
US Treasury	8	38	94	4.26%
UK Gilt	-1	76	128	4.42%
German Bund	6	4	90	2.61%
Japan Govt Bond	2	23	40	0.66%
Canada Govt Bond	11	37	48	3.67%
Currency Returns**				
US$ per euro	-0.7%	0.0%	7.0%	1.070
Yen per US$	1.1%	12.7%	2.6%	147.81
US$ per £	-1.0%	3.1%	8.3%	1.246
C$ per US$	0.4%	0.7%	4.2%	1.364

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.

Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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