WEEKLY MARKET UPDATE | SEPTEMBER 15, 2023

A dip in confidence dilutes a market rally.

The economy

- U.S. equities saw mixed performance during the week ending September 15, as an initial strong rally spurred by investors' positive view of a slowdown in the annual core inflation rate was later offset by weaker-than-expected consumer confidence data. The Dow Jones Industrial Average eked out a small gain, while the broad-market S&P 500 Index and the tech-heavy Nasdaq Composite Index declined modestly during the week.
- The University of Michigan's Index of Consumer Sentiment unexpectedly declined 1.8 points to 67.7 in September. Although the reading was 35% above the index's all-time low, it significantly lagged the historical average of 86. According to the survey, there was modest improvement in consumers' short- and long-term expectations for economic conditions. Nonetheless, they remain uncertain about the direction of the economy. In its press release announcing the results of its survey, the University of Michigan cautioned that "if [a U.S. government] shutdown comes to bear, consumer views on the economy will likely slide, as was the case just a few months ago when the debt ceiling neared a breach."
- The Department of Labor reported that the U.S. consumer-price index (CPI) rose 0.6% in August, following a monthly increase of 0.2% in July. The CPI advanced 3.7% year-over-year—up from the 3.2% annual rise in July. However, the 4.3% annual increase in core inflation, as measured by the CPI for all items less food and energy, represented a 0.4 percentage point decline from the 4.7% year-over-year upturn in July. Core inflation rose 0.3% month-over-month in August, following a 0.2% uptick in July. The government noted that more than half of the month-over-month increase in the overall CPI was attributable to higher gasoline prices, which climbed 10.6% in August. Housing costs also contributed to the upturn in inflation for the month. Food prices rose 0.2% in August, matching the previous month's increase.
- The slowdown in year-over-year core inflation rate bolstered investors' expectations that the U.S. Federal Reserve (Fed) will pause its rate-hiking cycle for the second time in the past three months following its meeting on Tuesday and Wednesday of next week. At the end of this week, CME's FedWatch Tool—which provides a gauge of the markets' expectations of potential changes to the federal-funds target rate while assessing potential Fed monetary policy actions at Federal Open Market Committee (FOMC) meetings—recently implied a 97% chance that the FOMC will maintain the federal-funds rate in a range of 5.25-5.50% following the FOMC meeting next week. There was a 3% likelihood of a 25-basis point (0.25%) rate hike.
- Inflation at the wholesale level accelerated somewhat in August. According to the Department of Labor, the producer-price index (PPI), which tracks the average change over time in selling prices received by domestic producers of goods and services, rose 1.6% over the previous 12-month period, up from the 0.8% annual increase in July. The index advanced 0.7% in August—the largest month-over-month increase since June 2022. Prices for goods rose 2.0% for the month, while costs for services saw an uptick of 0.2%. The increase in the prices for goods in August was attributable mainly to energy costs (primarily gasoline), which climbed 10.5%. The month-over-month increase in prices for services was due largely to higher costs for residential real estate.
- The Census Bureau reported that U.S. retail sales—a gauge of consumer spending, which comprises more than two-thirds of the country's gross domestic product (GDP)—increased 0.6% in August, up slightly from the 0.5% gain in July, and rose 2.5% during the previous 12-month period. Core sales, which exclude motor vehicles and parts, as well as gasoline stations, rose 0.2% for the month and 3.6% year-over-year. Food services and drinking places, health and personal care stores, and nonstore retailers posted the most notable gains versus the same period in 2022. Conversely, sales for gasoline stations and furniture and home furnishings stores declined sharply over the previous 12 months.

Stocks

- Global equities closed up for the week. Developed markets fared better than emerging markets.
- U.S. equities were mixed during the week. Utilities and consumer discretionary outperformed other sectors, while information technology and industrials lagged. Value stocks led growth, while large caps slightly outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield increased to 4.33% during the week.
- Global bond markets were flat for the week.
- High-yield bonds led the markets, followed by government bonds and corporate bonds.

The Numbers as of September 15, 2023	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	1.1%	13.2%	13.6%	685.6
MSCI EAFE ($)	1.2%	8.0%	16.3%	2099.6
MSCI Emerging Mkts ($)	0.8%	2.7%	2.5%	982.1
US & Canadian Equities				
Dow Jones Industrials ($)	0.1%	4.4%	11.8%	34618.2
S&P 500 ($)	-0.2%	15.9%	14.1%	4450.3
NASDAQ ($)	-0.4%	31.0%	18.7%	13708.3
S&P/ TSX Composite (C$)	2.7%	6.4%	5.4%	20622.3
UK & European Equities				
FTSE All-Share (£)	2.9%	2.8%	4.8%	4190.4
MSCI Europe ex UK (€)	1.0%	9.5%	13.8%	1622.7
Asian Equities				
Topix (¥)	2.9%	28.4%	24.5%	2428.4
Hong Kong Hang Seng ($)	-0.1%	-8.1%	-3.9%	18182.9
MSCI Asia Pac. Ex-Japan ($)	0.6%	0.1%	1.4%	505.9
Latin American Equities				
MSCI EMF Latin America ($)	4.4%	12.8%	12.1%	2400.5
Mexican Bolsa (peso)	-2.1%	6.1%	9.9%	51402.5
Brazilian Bovespa (real)	3.1%	8.3%	8.1%	118865.4
Commodities ($)				
West Texas Intermediate Spot	3.7%	13.1%	6.7%	90.8
Gold Spot Price	0.3%	5.6%	15.6%	1925.4
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.0%	-0.5%	0.7%	443.7
JPMorgan Emerging Mkt Bond	0.0%	3.3%	5.2%	793.8
10-Year Yield Change (basis points*)				
US Treasury	6	45	88	4.33%
UK Gilt	-7	69	119	4.35%
German Bund	6	11	91	2.67%
Japan Govt Bond	6	29	46	0.72%
Canada Govt Bond	7	44	60	3.74%
Currency Returns**				
US$ per euro	-0.4%	-0.4%	6.6%	1.066
Yen per US$	0.0%	12.8%	3.0%	147.87
US$ per £	-0.7%	2.5%	8.0%	1.238
C$ per US$	-0.8%	-0.2%	2.3%	1.353

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.

This material is provided by SEI Investments Management Corporation (SIMC) for educational purposes only and is not meant to be investment advice. The reader should consult with his/her financial advisor for more information. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events or a guarantee of future results. There are risks involved with investing, including possible loss of principal. SIMC is a wholly-owned subsidiary of SEI Investments Company.