



WEEK OF OCTOBER 30, 2023

Market Update

Quick Hits

1. **Report releases:** A rise in personal consumption fueled better-than-expected third-quarter growth.
2. **Financial market data:** Investors take a risk-off approach as long-term rates remain volatile.
3. **Looking ahead:** This week's data should provide insight into consumer confidence, Federal Reserve (Fed) policy, and employment.

Report Releases: October 23–27, 2023

S&P Global Preliminary PMI Estimate October (Tuesday)

Manufacturing and services fared better than expected, with U.S. services moving further into expansionary territory at 50.9 despite expectations for a level of 49.7. Manufacturing also beat expectations of 49.5, ending at 50.

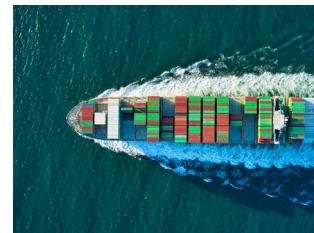
- Expected/prior month US PMI Composite: 50.2/50
- Actual US PMI Composite: 51



GDP (Annualized) Advanced Estimate Third Quarter (Thursday)

Economic growth accelerated more than expected in the third quarter as a rise in personal consumption growth and imports fueled the fastest quarterly economic growth since early 2021.

- Expected/prior month GDP growth: +4.5%/+2.1%
- Actual existing GDP growth: +4.9%



Preliminary Durable Goods Orders September (Thursday)

Headline and core durable goods orders improved more than expected, which is a good sign for business investment.

- Expected/prior durable goods orders monthly change: 1.9%/−0.1%
- Actual durable goods orders change: +4.7%
- Expected/prior core durable goods orders monthly change: 0.2%/0.5%
- Actual core durable goods orders change: +0.5%



Personal Spending and Personal Income September (Friday)

Personal income and spending continued to rise in September, with the larger-than-expected increase in spending marking six consecutive months with spending growth.

- Expected/prior personal income monthly change: +0.4%/+0.4%
- Actual personal income change: +0.3%
- Expected/prior personal spending monthly change: +0.5%/+0.4%
- Actual personal spending change: +0.7%



>> The Takeaway

- Economic data broadly surprised to the upside, which may make for a more difficult Fed meeting in November.
- Despite the upside surprise in data, core personal consumption expenditures in the third quarter reached 2.4 percent, closing in on the Fed's goal of 2 percent.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	-2.52%	-3.90%	8.66%	7.32%
Nasdaq Composite	-2.62%	-4.34%	21.59%	14.87%
DJIA	-2.14%	-3.16%	-0.51%	0.79%
MSCI EAFE	-0.76%	-4.19%	2.59%	14.32%
MSCI Emerging Markets	-0.61%	-3.41%	-1.65%	11.69%
Russell 2000	-2.60%	-8.25%	-5.91%	-9.97%

Source: Bloomberg, as of October 27, 2023

Global markets struggled as bond market volatility and conflict in the Middle East weighed on investors. Earnings were mixed, with UPS and Visa, normally proxies for global shipment and consumer spending, selling off amid volatile macroeconomic conditions and slower payment volumes. Alphabet also saw disappointing cloud results.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	-1.28%	-2.48%	0.23%
U.S. Treasury	-0.88%	-2.39%	-0.61%
U.S. Mortgages	-1.88%	-4.10%	-1.34%
Municipal Bond	-0.89%	-2.26%	2.70%

Source: Bloomberg, as of October 27, 2023

The 10-year Treasury yield briefly moved above 5 percent last Monday before closing the week at 4.85 percent. The long end of the curve has been extremely volatile recently, with 10- and 30-year yields moving 30–40 basis points last month. Possible causes include the Fed's continued balance sheet tightening, international buyers stepping back, and continued growth in the government deficit.

>> The Takeaway

- Equities took a risk-off approach, with utilities, materials, and staples faring best.
- Long-term yields are expected to remain volatile as we await commentary from the Fed at its news conference on Wednesday.

Looking Ahead

This week's data releases should provide insight into consumer confidence, Fed policy, and employment.

- The week kicks off Tuesday with the release of the **Conference Board Consumer Confidence Index** for October. Consumer confidence is expected to drop, which would mark three consecutive months with declining confidence.
- On Wednesday, the **Federal Open Market Committee (FOMC)** will release its rate decision. The central bank is expected to keep the federal funds rate unchanged at its November meeting, though Fed chair Jerome Powell could signal a potential rate hike at the post-meeting news conference.
- Finally, on Friday, the week will wrap with the **employment report** and **ISM Services index** for October. Economists expect to see that a solid 175,000 jobs were added following an unexpected hiring surge in September. Service sector confidence is set to fall modestly but remain in expansionary territory.





Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. The Nasdaq Composite Index measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance

of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent.

Authored by the Investment Research team at Commonwealth Financial Network®

LifeTime Asset Management, LLC

801 Corporate Center Drive | Suite 110 | Raleigh, NC 27607
919.845.5315 | 919.845.5346 fax | www.lifetimeasset.com

Securities offered through Commonwealth Financial Network®, Member FINRA/SIPC.

©2023 Commonwealth Financial Network®