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| **RESOURCE LOG – OCTOBER 2023** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
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| August Report Gives Fed Fresh Evidence of Softer Inflation | Underlying inflation cooled notably this summer, with price pressures moderating for a third consecutive month in August.  The Fed’s preferred inflation gauge, the personal-consumption expenditures price index, rose a seasonally adjusted 0.4% last month, largely reflecting energy costs. Core prices, which exclude food and energy, rose just 0.1% in August, the weakest monthly increase since 2020, the commerce Department said on Friday.  The Fed held its benchmark interest rate steady at a 22-year high last week, and most officials penciled in one more rate increase for this year. Fed chair Jerome Powell said officials want to see “convincing evidence” that they have raised rates enough to sustainably lower inflation to their 2% goal.  Consumer spending, the economy’s main engine, has been strong much of this year.  Some of the factors that helped consumer spending in the past two years are fading and signs of stress are emerging. | The Wall Street Journal | 09/30 – 10/01/2023 | Sarah Chaney Cambon & Nick Timiraos |
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| Bonds Are on Track for Year Of dismal Returns – Again | After bonds posted a historically bad 2022, many on Wall Street argued that this year would mark a decisive rebound. Instead, the widely tracked Bloomberg U.S. aggregate bond index has lost 1.1% through Thursday, including price changes and interest payments – putting it on track for its third straight year of negative returns.  Since June 30, the yield on the 10-year Treasury note has climbed to 4.572%, as of Friday, from 3.818%. The Bloomberg U.S. Aggregate index – made up largely of Treasurys, government-backed mortgage securities and corporate bonds – is on course to lose about 3% this quarter.  Expectations for higher interest rates drive down bond prices because investors worry that bonds issued in the future will pay larger coupons than current ones.  Still, many on Wall Street question the notion that the fed-funds rate will settle above 2.5%. They also point out that higher yields should still eventually be good for investors, provided they can wait out the current volatility and hold bonds to their maturity. | The Wall Street Journal | 09/30 – 10/01/2023 | Sam Goldfarb |
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| Stocks Wrap Up Another Weak September | The S&P 500 is now up 12% for the year, down from a gain of nearly 20% at its 2023 closing high at the end of July.  The yield on the benchmark 10-year U.S. Treasury note settled Friday at 4.572%, up from 4.090% at the end of August.  Technology stocks have been hit hard by the climb in rates.  Energy stocks were the only one of the S&P 500’s 11 sectors to end September higher…  Major overseas stock benchmarks also declined for the month. | The Wall Street Journal | 09/30 – 10/01/2023 | Karen Langley |
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| New Rate Regime Upends Strategies for the Market  *Bond prices, the big tech stocks and emerging markets are under pressure* | Investors are struggling to make peace with a new reality: Interest Rates are likely to remain higher for longer.  Stocks have tumbled, government-bond yields have risen and the U.S. dollar has climbed since Federal Reserve officials signaled two weeks ago that they might hold rates near current levels through 2024.  Entering the fourth quarter, the S&P 500 is hanging on to a 12% advance for the year, but much of the enthusiasm that characterized markets in the first half has largely disappeared.  Bonds had a historically terrible year in 2022. Those who bet 2023 would be better have been wrong thus far.  Then in August, the government said it would sell many more Treasurys in coming months than investors expected, extending summer losses and forcing traders to reassess their market outlook.  Expectations for higher interest rates drive down bond prices because investors worry that bonds issued in the future will pay larger coupons than current ones.  **♦ The Magnificent Seven lose their shine.**  Big technology stocks were so dominant to start the year that they earned a new moniker: the “Magnificent Seven.” Apple, Microsoft, Alphabet, Amazon.com, Nvidia, Tesla and Meta Platforms were responsible for virtually all of the stock market’s advance at one point this spring.  The Trade is showing cracks…  **♦ Shares of dividend payers are under pressure, too.**  Fewer than 30 stocks in the S&P 500 have a dividend yield above that on the six-month Treasury bill…  **♦ Small-caps fall faster than their larger counterparts.**  Shares of small-caps have been one of the biggest market laggards this year.  **♦ Emerging markets slump while the dollar climbs.**  The U.S. dollar has risen more than 5% since mid-July, driven by surging Treasury yields and strong economic data. That has been particularly painful for emerging markets… | The Wall Street Journal | 10/02/2023 | Hardika Singh |
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| Bankruptcies Increase For Small Companies | Small-business bankruptcy filings are rising this year, a signal that increased interest rates, tighter lending standards and higher operating costs are straining entrepreneurs.  The Federal Reserve’s efforts to slow inflation by raising interest rates have been particularly painful for small businesses, which tend to operate with thinner profit margins and smaller cash reserves than larger companies. | The Wall Street Journal | 10/02/2023 | Ruth Simon |
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| Property-Sector Woes Press Beijing | Pressure is building on Beijing to intervene more forcefully to restore confidence in its reeling property market.  Evergrande, whose plans to restructure billions of dollars of debts have collapsed, is one of many property developers struggling to regain their footing three years after the popping of China’s housing bubble.  Ultimately, many say, it could require significant government intervention, much as the U.S. was forced to step in during the property-induced financial crisis in 2008.  “Property is a mess,” said Leland Miller, chief executive of the China Beige Book an economic-research firm. “that’s why we’re seeing the dullest cyclical recovery in China ever.” | The Wall Street Journal | 10/02/2023 | Lingling Wei |
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| What’s News | ♦ China’s economy is showing signs of perking up after months of anemic growth, offering a glimmer of hope for the global economy. | The Wall Street Journal | 10/02/2023 |  |
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| Dollar’s Rise in Headache for Rest Of World | The dollar has bounced back with a vengeance, threatening global central bankers’ tricky task of brining down inflation while protecting fragile economic growth.  The greenback on Monday reached its highest level of the year, bringing its gain since mid-July to 6.6%.  Some emerging-market currencies have been hit especially hard, with the dollar rising 11% against the Chilean peso and almost 8%...  The dollar’s strength has been driven by surging Treasury yields. | The Wall Street Journal | 10/03/2023 | Chelsey Dulaney |
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| Bond Market Isn’t So Friendly to Stocks | After a mostly stellar year, stocks have stumbled on an unexpected hurdle: The bond market isn’t the friendly companion it used to be.  Stocks and bonds alike closed the third quarter with losses: The S&P 500 and the Euro Stoxx 50 were down 3.7% and 5.1%, respectively, as 10-yeare Treasury yields jumped from 3.8% to 4.6%, around a 16-year high.  Commonly cited reasons for the rise in yields include robust economic data for the U.S. and an increase in oil prices that is reviving inflation.  Ten-year yields have been rising for a couple of years as investors price in higher rates for longer.  The so-called term premium moved back into positive territory last week for the first time in over two years… | The Wall Street Journal | 10/03/2023 | Jon Sindreu |
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| American Consumers Just Keep on Spending | Consumers should be spending less by now.  Interest rates are up. Inflation remains high. Pandemic savings have shrunk. And the labor market is cooling.  Yet household spending, the primary driver of the nation’s economic growth, remains robust. U.S. consumers spent 5.8% more in August than a year earlier… | The Wall Street Journal | 10/03/2023 | Rachel Wolfe |
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| Are U.S. Homes Overvalued? | U.S. single-family properties are the only type of real estate that has increased in value since interest rates began to rise in March 2022. After a brief dip in the months after the Federal Reserve’s initial hikes, house prices resumed their climb. Residential property values reached a record in July, based on the latest numbers from the S&P CoreLogic Case-Shiller Home Price Index.  Investors spent billions buying U.S. single-family homes during the pandemic, lured by blistering rent increases as remote workers looked for more space. They have backed off as debt costs have risen and rent growth has moderated, making it harder to generate a decent investment return.  Another reason why apartment values have corrected and single-family home prices haven’t may simply be who owns them. Corporate landlords own 68% of apartments in buildings with 100 or more units but only around 3% of America’s individual family homes.  Home buyers’ budgets are stretched… | The Wall Street Journal | 10/04/2023 | Carol Ryan |
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| The Apartment Market Is Hitting a Construction Lull | An annual decline of this magnitude has happened only one other time since the subprime housing crisis, real-estate data firm Bright MLS said.  The cost and scarcity of construction financing is the chief reason builders say they can’t make new projects pencil out. Banks, which have increased reserves to support troubled property loans they already hold, are lending far less often.  When they do lend, they are tightening standards, and the rates they offer are much steeper. | The Wall Street Journal | 10/04/2023 | Will Parker |
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| Dow’s 2023 Gains Are Wiped Out  *Ten-year Treasury yield tops 4.8%, drawing investors away from stocks* | The losses were broad, with risky technology firms, rate-sensitive banks and real-estate owners and companies that rely on discretionary spending leading the way lower. Utility shares were the only industry segment in the S&P 500 to rise.  The Dow shed about 431 points, or 1.3%, and the blue-chip stock index ended the session down 0.4% so far in 2023. The S&P 500 declined 1.4%, with nearly 13% of the stocks in the index hitting 52-week lows. The technology-skewed Nasdaq Composite fell 1.9%.  Besides luring yield-seeking investors away from dividend- paying stocks, Treasury yields that are so comfortably above the rate of inflation – real yields – are likely to weigh heavily on companies’ results and pressure their shares, said Mabrouk Chetouane, head of global market strategy at Natixis Investment Managers.  Investors around the world are hoarding cash, which is paying around 5.5% in money-market funds and via short-term Treasury bills. Even well-known bond trader and DoubleLine chief Executive Jeffrey Gundlach advocated a strategy of “T-Bill and Chill” at the Grant’s investment conference in New York Tuesday. | The Wall Street Journal | 10/04/2023 | Ryan Dezember |
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| What’s News | ♦ A sudden surge in long-term interest rates to 16-year highs is threatening hopes for an economic soft landing, all the more because the exact triggers for the moves are unclear. | The Wall Street Journal | 10/04/2023 |  |
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| What’s News | ♦ An intensifying bond sell-off sparked new stock-market losses, with the S&P 500, Nasdaq and Dow falling 1.4%, 1.9% and 1.3%, respectively. The yield on the 10-year Treasury note rose to 4.801%. | The Wall Street Journal | 10/04/2023 |  |
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| Stocks Rise as Bond Selloff Eases | The autumn bond rout eased Wednesday, dragging Treasury yields lower and bringing calm to the stock market after an intense selloff that kicked off the fourth quarter.  A sharp selloff in government bonds has sparked turbulence across markets this week, sending the Dow into negative territory for the year and driving losses in everything from tech stocks to real-estate companies.  The yield on the30-yeaer U.S. Treasury bond briefly breached 5%, while Germany’s 10-year bund yield touched 3% for the first time in 12 years.  The yield on the 10-year Treasury note fell to 4.735%, notching the biggest one-day decline in more than a month.  Meanwhile, a sharp drop in oil prices gave a boost to shares of several cruise companies and airlines… | The Wall Street Journal | 10/05/2023 | Gunjan Banerji |
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| Why Oil Prices Soared – and Why they Are Sinking Now | Oil prices were looking like they could hit $100 a barrel. Wall Street thinks that won’t be happening anytime soon.  The price of crude oil has been on a roller coaster for the past two years, and surged this summer to hit $94 on Sept. 27, its highest level of the year. That raised worries that prices would keep climbing and upend the Federal Reserve’s fight to bring down inflation.  Then data suggested higher costs for gas, travel and other items were hurting demand, sending oil plummeting over the past week to around $83. | The Wall Street Journal | 10/07-08/2023 | Bob Henderson |
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| Strong Hiring Sends Bond Yields Higher | Surging U.S. job growth shattered investors’ expectations, the latest sign of accelerating economic momentum stoking a bond market selloff that is sending longer-term borrowing rates to new 16-year highs.  Employers added 336,000 jobs in September, the strongest gain since January and up sharply from the prior month’s upwardly revised 227,000 gain, the Labor Department said Friday.  Bond and stock prices fell sharply after the jobs report’s release, reflecting concerns that it would push the Federal Reserve to raise short-term interest rates as early as its Oct. 31-Nov. meeting.  The yield on the 10-year U.S Treasury note settled Friday at 4.783%... | The Wall Street Journal | 10/07-08/2023 | Gwynn Guilford, Nick Timiraos and Sarah Chaney Cambon |
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| Funds Increase Corporate Lending  *High interest rates are shaking up how business loans are getting done now* | Soaring rates brought down banks such as Credit Suisse and Silicon Valley Bank and forced others to reduce lending. As those lenders stepped back, private-credit fund managers stepped up, financing one jumbo loan for American corporations after another.  The loans are expensive, but for many companies they are the only option. Next, private-credit firms are coming for the rest of the credit market, bankrolling asset-backed debt for real estate, consumer loans and infrastructure projects.  Some analysts are concerned about private credit taking over the loan market.  Private-credit investors may fare better than bank-loan holders in the long term because of their better covenants, Goldman Sachs analysts wrote in a September research report. | The Wall Street Journal | 10/09/2023 | Matt Wirz |
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| What’s News | ♦ The steep declines in prices of Treasurys are forcing markets to confront the possibility that the rates required to place the supply of bonds will be higher than anyone expected. | The Wall Street Journal | 10/09/2023 |  |
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| Rates to Ship Cargo by Sea Slump as Demand Weakens  *Prices are down as much as 90% from early 2022, as carriers cancel sailings* | It has been an anemic peak season for ocean freight haulers as container shipping rates have plunged from pandemic highs and Americans and Europeans continue to pull back on purchases of consumer goods. | The Wall Street Journal | 10/10/2023 | Costas Paris |
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| What’s News | ♦ China Evergrande’s 11th-hour cancellation of a restructuring affecting more than $19 billion of its international bonds could lead to a messy collapse and have “a catastrophic effect” on other troubled companies in the property sector, its bond investors said. | The Wall Street Journal | 10/10/2023 |  |
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| What’s News | ♦ Oil prices and defense stocks climbed after the worst attack on Israel in decades shook financial markets. Major indexes rose, with the S&P 500 and Dow both gaining 0.6% and the Nasdaq adding 0.4%. | The Wall Street Journal | 10/10/2023 |  |
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| High Bond Yields Likely to Extend Fed’s Pause | A sustained rise in long-term Treasury yields could be bringing the Federal Reserve’s historic rate hiking cycle to an anticlimactic end.  Top central bank officials have signaled in recent days that they could be done raising short-term interest rates if long-term rates remain near their recent highs and inflation continues to cool. | The Wall Street Journal | 10/11/2023 | Nick Timiraos |
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| Optimism on Rates Drives Up Stocks | Stocks rose for a third straight session and bonds had their best day since August, after optimism built that the Federal Reserve’s campaign to raise interest rates in winding down. | The Wall Street Journal | 10/11/2023 | Charley Grant |
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| High Bond Yields To Have Lasting Impact on Stocks | Stocks investors are scrutinizing the bond market because yields affect everything in markets and the economy, from corporate borrowing costs to the present value of future earnings and the likely direction of stocks indexes.  That means the bond selloff, which recently drove the yield on the benchmark 10-year Treasury note above 4.8% for the first time since 2007, could have lasting effects on which stocks lead the market and when major indexes start climbing again. | The Wall Street Journal | 10/11/2023 | Karen Langley |
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| Low Interest Rates Are Not Gone for Good | Among the reasons to think that something might soon break is that, even before the latest spike in long-term interest rates, the banking system had incurred losses of some $620 billion on its bond portfolio due to higher bond yields. Those losses will now increase, which could raise solvency issues for the regional banks.  In the event that something did break in the financial system, the Federal Reserve must be expected to make an abrupt U-turn in its current policy of interest-rate hikes and aggressive quantitative tightening to prop up the financial system… | The Wall Street Journal | 10/11/2023 | Desmond Lachman |
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| What’s News | ♦ Fed officials were split over whether they would need to raise interest rates again this year when they decided last month to hold their benchmark policy rate steady, minutes show. | The Wall Street Journal | 10/12/2023 |  |
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| What’s News | ♦ Major U.S. stock indexes fell after the release of the inflation data, with the S&P 500 and Nasdaq both declining 0.6% and the Dow losing 0.5%. | The Wall Street Journal | 10/13/2023 |  |
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|  | **DJIA** 33631.14▼173.73 0.51%  **NASDAQ** 13574.22 ▼ 0.6%  **10-YR. TREAS**. (re-opening) yield 4.710%  **OIL** $82.91 ▼ $0.58  **GOLD** $1,869.30 ▼$3.50 | The Wall Street Journal | 10/13/2023 |  |
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| Fed Bid to Combat Inflation Remains Bumpy | The good news: Price gains have slowed markedly from the 40-year highs recorded last year, particularly when looking at a gauge of underlying, or core, inflation that excludes volatile food and energy prices.  But the bad news is that after a sharp slowdown in core inflation earlier in the summer, those prices rose at a modestly faster rate last month.  The consumer-price index rose 3.7% from a year earlier…  Core prices rose 4.1% from a year earlier, down from 4.3% in August.  Fed officials in recent days have signaled that they are likely to hold short-term interest rates steady at their next meeting, Oct. 31-Nov. 1… | The Wall Street Journal | 10/13/2023 | Gabriel T. Rubin and Nick Timiraos |
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| China’s Economy Remains Shaky  *Consumer prices are flirting with deflation, exports and imports continue to fall* | Lackluster inflation and declining trade numbers in China have stoked concerns that the world’s second-largest economy is still on shaky footing, despite recent signs of stabilization.  A drawn-out property crisis continues to ripple through the economy…  The fresh concerns around China’s near-term outlook in recent weeks have dimmed hopes for a turnaround of the global economy…  Some economists say the pain might not become fully apparent until later. | The Wall Street Journal | 10/14-15/2023 | Stella Yifan Xie |
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| What’s News | ♦ The highest mortgage rates in 23 years are dragging down home sales to their lowest levels since the subprime crisis period, leaving only the most committed buyers in the market. | The Wall Street Journal | 10/17/2023 |  |
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| Stocks Advance as Flight to Safety Pauses | Investors had piled into safer assets on Friday as a hedge against unexpected shocks over the weekend.  The tech-heavy Nasdaq composite rebounded from a 1.2% decline on Friday by adding back 1.2%.  “Today is kind of an unwinding of [the] flight-to-safety trade late last week,” said Will Compernolle, macro strategist at FHN Financial. Even so, he added, “the war in Israel is obviously a huge new risk with a ton or potential outcomes.”  The gains were spread out among s tocks, with no sector in the S&P 500 rising less than 0.7%. | The Wall Street Journal | 10/17/2023 | Sam Goldfarb |
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| U.S. Consumers Show Their Resilience | Interest rates are high, inflation remains elevated and pandemic savings are dwindling. Yet the American consumer is on a spending binge.  Treasury yields jumped toward the year’s highs…  Stronger consumer spending, if sustained, could complicate deliberations at coming Federal Reserve meetings…  Their broad-based retail spending in September drove up some economists’ estimates for third-quarter economic growth.  The strength of the labor market is one reason consumers till have the wherewithal to snap up expensive items…  The consumer-confidence index of expectations fell below 80 in September, a level that historically has signaled a recession within the next year.  Companies including Dollar General say customers are cutting back on discretionary purchases amid high inflation and a rundown in savings.  In another sign of increasing financial pressure, delinquencies on some types of consumer debt are rising. | The Wall Street Journal | 10/18/2023 | Sarah Chaney Cambon and Nick Timiraos |
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| Bond Yields Hit Highest Level Since 2007 | Government bond yields hit decade-plus highs after another hot economic-data release fueled concerns that interest rates could remain elevated for longer.  The latest retail-sales report showed spending online, at stores and in restaurants rose a stronger-than-expected 0.7%...  Treasury yields jumped afterward, with the benchmark 10-yeare bond yield rising to 4.846% from 4.709% Monday. It was the highest closing level since July 2007.  Stocks wavered between gains and losses, before closing little changed.  Economic indicators have repeatedly surprised to the upside in recent weeks, prompting bond traders to reset expectations for how long the Federal Reserve will keep its monetary policy restrictive.  Some investors expect higher long-term bond yields to help the Fed cool inflation without further rate increases. | The Wall Street Journal | 10/18/2023 | Jack Pitcher |
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| Bond Yield Tops 4.9%, Pressing Stock Indexes | The 10-year U.S. Treasury yield rose to 4.902%, the highest closing level since July 2007. The S&P 500 fell 1.3%. The D ow Jones Industrial Average shed 1%. The Nasdaq composite lost 1.6%.  A swift climb in bond yields has dented enthusiasm for stocks in recent weeks.  A string of hotter-than-expected economic reports in the past several weeks has prompted investors to weigh whether the Federal Reserve may lift interest rates again this year to cool inflation.  Traders are pricing in a roughly 37% probability that the central bank will raise its benchmark rate in its final policy meeting of the year…  Shares of some regional banks, such as U.S. Bancorp, fell after several lenders reported being squeezed by higher interest and other expenses.  Data from China painted a mixed picture of the second-largest economy in the world. China’s economic Growth slowed last quarter, but retail sales in September were stronger than expected. The Shanghai Composite lost 0.8%. | The Wall Street Journal | 10/19/2023 | Hannah Miao |
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| China’s Economy Faces Long-Term Woes | China’s economy is shifting into a lower gear, with the property market that long fueled China’s growth mired in a prolonged downturn.  In recent weeks, a bevy of economists have lowered their forecasts for China’s longer-term growth trajectories, even as they raised their shorter-term predictions.  The International Monetary Fund this month lowered its forecast for China’s growth next year to 4.2%, down from 4.5%.  As a share of GDP, Chinese local governments’ fiscal resources – which rely heavily on home sales – have deteriorated to their worst level in more than a decade…  Various indicators show that economic activities, including investments and industrial output in China have stabilized at around 5% below the prepandemic trend, said Louise Loo, lead economist at Oxford Economics. | The Wall Street Journal | 10/19/2023 | Stella Yifan Xie |
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| What’s News | ♦ Economic activity is set to weaken in the U.S., leading to a likely shallow recession next year, according to an economic index that measures business cycles. | The Wall Street Journal | 10/20/2023 |  |
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| Fed Chair Signals Rate- Hike Pause To Stay | Federal Reserve Chair Jerome Powell suggested the run-up in long-term Treasury yields could allow the central bank to suspend a historic run of interest-rate increases as long as progress on inflation continues.  That is in part because the swift rise in long-term rates over the past month could slow the economy, effectively substituting for another Fed rate-increase if higher borrowing costs are sustained.  Yields on the 10-year Treasury note neared 5%...  When longer-term rates go up, that influences a range of borrowing costs from mortgage and auto loans to business debt.  Still, robust economic activity has made it difficult for the Fed to declare an end to rate increases and Powell stopped short of doing so on Thursday. | The Wall Street Journal | 10/20/2023 | Nick Timiraos |
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| Rate Fears Spur Stock-Market Selloff | Powell initially suggested that the central bank is unlikely to raise interest rates again in November, a reprieve for investors. Stocks climbed and bond yields fell. He then spooked investors once his speech resumed, shortly after an interruption by climate activists, prompting a reversal. Traders struggle to discern a clear sense of direction from his comments.  Market anxiety peaked when Powell said he didn’t see evidence that monetary policy is too tight-in the way it would cause a recession-and that higher interest rates will likely be required for a long time to contain inflation.  The 10-year Treasury yield reached as high as 4.991% during trading… | The Wall Street Journal | 10/20/2023 | Eirc Wallerstein |
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| Major Indexes End the Week With Declines | Stocks fell Friday, capping a week of losses for U.S. markets.  All three major indexes finished the week in the red. Investors grappled with a sharp increase in borrowing costs and the possibility of worsening violence in the Middle East.  Bond prices rose and yields declines. The 10-year U.S. Treasury yield settled at 4.924%, down from 4.987% Thursday.  The 10-year Treasury yield has risen more than a full percentage point since the Federal Reserve last raised rates at the end of July…  Traders in interest-rate derivatives are pricing in a 96.2% chance that the Fed leaves its policy rate unchanged at its November meeting…  Brent crude oil futures dropped 0.2% to settle at $92.16 per barrel… | The Wall Street Journal | 10/21-22/2023 | Charley Grant |
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| High-Tech Earnings To Test the Market | Investors are about to see whether the stock market has more fuel in the tank.  A group of tech stocks known as the Magnificent Seven has powered the S&P 500’s 2023 rally. Most of those companies will open their books in the coming days, allowing investors to gauge whether big tech and the broader market have room to run.  The S&P 500 has risen 11% on a total-return basis, including dividends, this year through Friday. Without Google parent Alphabet, Amazon.com, Apple, Facebook parent Meta Platforms, Microsoft, Nvidia and Tesla, that return would be 0.6%, according to S&P Dow Jones Indices. | The Wall Street Journal | 10/23/2023 | Karen Langley |
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| What’s News | ♦ Consumers who have absorbed big price increases are growing more cautious, pressuring sales of everything from frozen meals to put food and prompting food companies to offer more deals. | The Wall Street Journal | 10/23/2023 |  |
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| What’s News | ♦ Recent data suggest the economy is accelerating despite higher borrowing costs, the resumption of student-loan payments and wars in Ukraine and the Mideast. | The Wall Street Journal | 10/24/2023 |  |
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| Bond Trades at 5% for first Time in 16 years | A deepening selloff in the U.S. bond market drove the yield on the 10-year Treasury note to 5% in intraday trading for the first time in 16 years…  A critical driver of U.S. borrowing costs, the 10-year yield rose as high as 5.021% in early-morning trading Monday, up from about 3.8% at the start of the year.  In recent weeks, though, the selloff has only grown more intense and potentially destabilizing… The lack of clarity has only added to investors’ anxieties, reflected by declines in stocks that have pulled major indexes off their summer highs.  Investors expectations for higher rates drive down prices of Treasurys and push up yields because investors anticipate that new bonds will offer larger interest payments. | The Wall Street Journal | 10/24/2023 | Sam Goldfarb and Peter Santilli |
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| Smaller Banks Try Shrinking Their Way Back to Health | After an ugly third quarter, banks rolled out plans last week to try to shrink themselves back to health. Profits dropped by double digits from a year earlier at a number of them, including 44% at Key-Corp, 32% at Citizens Financial and 28% at Truist Financial  Investors are getting nervous.  Megabanks also have had to pay more for deposits, but so far it hasn’t been nearly as painful for them. JPMorgan Chase, Bank of America, Wells Fargo and Citigroup collectively earned about $30 billion in the third quarter, a 27% increase from a year earlier. They have the cushion of big operations in businesses such as trading, investment banking and wealth management. | The Wall Street Journal | 10/24/2023 | Gina Heeb |
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| China’s Stock Rout Worsens as Doubts Swirl | A major Chinese stock-market benchmark sank to its lowest level in over four years, signaling deep pessimism among global and domestic investors in the country.  International investors have pulled more than $5 billion so far this month from mainland China’s yuan-denominated A-share market via trading links with Hong Kong.  The CSI 300 index has fallen 17% from its 2023 high in late January. | The Wall Street Journal | 10/24/2023 | Weilun Soon |
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| It’s Time to Alter ‘Set It, Forget It’ Portfolio Strategies | Now, longer-term Treasury yields have hit their highest levels in 16 years, causing their value to plummet, and stocks are expensive. So investors need to lower their expectations and play defense.  Federal debt held by the public mushroomed from less than $5 trillion in mid-2007 to more than $21 trillion in 2020.  The last time inflation became so high it stubbornly stayed there for years. The Fed finally broke its back by pushing overnight interest rates above 19% in 1981. | The Wall Street Journal | 10/26/2023 | Spencer Jakab |
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| Economy Sped Up in Summer | U.S. economic growth surged this summer at the fastest pace since 2021, as consumers spent at a blockbuster rate that will be difficult to sustain.  Gross domestic product expanded at a 4.9% seasonally-and inflation-adjusted annual rate in the third quarter…  But there are warnings signs underlying the eye-popping numbers. People saved less and their incomes, adjusted for inflation, fell over the summer. That could mean the pace of spending will ease in the coming months. Business investment also stalled.  The 10-year Treasury yield declined 0.11 percentage point to 4.84%... the Dow Jones Industrial Average fell 252 points or 0.76%. | The Wall Street Journal | 10/27/2023 | Amara Omeokwe and Gwynn Guilford |
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| What’s News | ♦ A pullback in megacap tech stocks deepened, dragging the Nasdaq down 1.8%. the S&P 500 and Dow fell 1.2% and 0.8%, respectively. | The Wall Street Journal | 10/27/2023 |  |
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| Selloff in Megacap Stocks Deepens  *Nasdaq suffers worst two-day stretch of year; bond yields retreat* | The tech-heavy index dropped 1.8%, while the S&P 500 shed 1.2%. The Dow Jones Industrial Average declined around 250 points, or 0.8%.  A recent round of quarterly earnings reports has weakened this year’s rally in big-tech shares. Third-quarter results from tech giants this week have mostly failed to impress investors, injecting volatility into the stock market.  “A lot of these big tech and tech-like names have been priced for perfection,” said John Lynch, chief investment officer for Comerica Wealth Management. “We’re seeing imperfect performance.”  The hot GDP growth rate renewed questions about whether the Federal Reserve is done with its interest-rate increases. Traders are betting the Fed will almost certainly hold its benchmark rate at current levels in its November policy meeting, but are pricing in a roughly 20% probability that the central bank will raise rates in December, according to CME… | The Wall Street Journal | 10/27/2023 | Hannah Miao |
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| S&P 500 Joins Nasdaq in Correction | The autumn pullback in the stock market worsened Friday, pushing the S&P 500 into a correction and to its worst two-week decline of the year.  The broad stock-market gauge wavered for much of the day before turning lower and losing 0.5% for the session, bringing it down more than 10% from its recent high.  …Dow Jones Industrial Average down 367 points, or 1.1%, to its lowest closing level since March.  The sharp ascent in bond yields has triggered volatility across markets. The S&P 500 and Dow industrials are on track to finish October with three consecutive months of losses, the worst such stretch since the three months ending March 2020.  Rising bond yields have been particularly painful for some of the smallest stocks in the market. The Russell 2000 index of small companies slumped 2.6% for the week and closed at its lowest levels since at least November 2020. | The Wall Street Journal | 10/28-29/2023 | Gunjan Banerji |
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| What’s News | ♦ Inflations’ summer decline slowed last month, but inflation has improved enough recently for Fed officials to hold interest rates steady at their meeting next week. | The Wall Street Journal | 10/28-29/2023 |  |
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| Tech Stocks Dive Despite Earnings Growth | With the third-quarter earnings season nearly halfway over, companies in the S&P 500 are on track to post a 2.7% year-over-year increase in profits…  That would mark the first earnings growth in four quarters.  The pain in the highflying technology sector has been particularly acute.  The stress in tech sector spilled over into the broader stock market.  The tech trade started showing cracks in August. Strong economic data and a growing U.S. deficit powered Treasury yield higher, providing investors with a risk-fee alternative for parking their cash. | The Wall Street Journal | 10/30/2023 | Hardika Singh |
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| Tech Stocks Lead Broad Market Rebound | Stocks posted solid gains ahead of a packed week of central-bank meetings, jobs data and the Treasury Department’s highly anticipated borrowing announcement.  Bouncing back from a difficult week when the S&P 500 and Nasdaq composite entered into corrections – or declines of 10% from their recent peaks – all three major indexes gained more than 1%, powered in large part by a rebound in shares of large technology companies.  The Dow Jones industrial Average led the way, rising 1.6%, or roughly 511 points. The S&P 500 and Nasdaq both advanced 1.2%.  Technology stocks has a good day.  Ahead of those events, the yield on the benchmark 10-year U.S. Treasury note edged up to 4.875%...  U.S. crude futures fell 3.8% to $82.31 a barrel, leaving them roughly level with where they were before Hamas’s Oct. 7 attack on Israel. | The Wall Street Journal | 10/31/2023 | Sam Goldfarb |
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| What’s Next for Bond Yield After Hitting 5% | The yield on the benchmark 10-year U.S. Treasury note touched 5% for the first time in 16 years last week, spurring debate a bout whether it has peaked or just taken another step in its long and disruptive climb.  Treasury yields play a critical role in determining borrowing costs across the economy. Their nearly two-year surge has driven 30-year mortgage rates close to 8%...  For much of 2022 and 2023, longer-term Treasury yields were well below short-term ones. | The Wall Street Journal | 10/31/2023 | Sam Goldfarb |

Deloitte report from August found that 66% of remote workers would quit their jobs if they had to go back into the office five days a week. When Grindr, the dating app, told all 178 employees to return to the office at least two days a week last month – roughly 45% resigned. *Morning Brew, September 7, 2023*

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