



### Weekly Recap

The U.S. market displayed a growing defensive sentiment throughout the week driven by concerns over rising interest rates and geopolitical tensions, particularly in light of significant economic data releases. Core Consumer Price Index (CPI), which excludes food and energy, recorded a 0.3% monthly increase and a substantial year-over-year (YoY) rise of 4.3%. Meanwhile, core Producer Price Index (PPI), excluding food and energy, met expectations with a 0.2% increase, but its yearly gain of 2.1% was the lowest since January 2021. Investor attention was keenly focused on the upcoming Federal Open Market Committee (FOMC) meeting, where the Federal Reserve will deliberate on the necessity of further interest rate hikes to combat inflation. Market consensus heavily leans towards the expectation that the Fed will maintain the status quo, with a 97% probability. China's policy moves also drew scrutiny, as the government cut banks' reserve requirements to continue supporting the economy. The week witnessed notable corporate events, including Arm Holdings' successful initial public offering, Tesla's stock upgrade, Meta's advancements in artificial intelligence, and the resolution of the Disney/Charter dispute. Labor negotiations in the automotive industry took a concerning turn as the United Auto Workers (UAW) union failed to reach agreements with Ford, GM, and Stellantis, leading to approximately 12,700 UAW members, out of 146,000, going on strike. The week concluded with mixed results in U.S. equities, with the S&P 500 and Nasdaq down by -0.16% and -0.39%, respectively, and the Dow up by +0.12%. Notably, the utilities sector demonstrated the strongest performance, while the information technology sector lagged. Value stocks outperformed growth stocks during the week.

### Key Thought for The Week

The consensus view among strategists and investors has been that there will be no interest rate increase in September and that the Fed will issue a new dot plot showing one more hike (which the Fed may ultimately not deliver). Most economists think the Fed has completed its tightening cycle and that cuts will start in May next year. Fed funds futures are aligned with this outlook, suggesting four interest rate decreases throughout 2024. However, the core CPI and PPI data for August came in higher than expected. CPI increased 4.3% YoY, and PPI rose 3.0% YoY. While these surprises are not enough to alter market expectations for the Fed meeting and FOMC decision next week, they could temper optimism about inflation and are a reminder of lingering inflationary pressures. In addition, with U.S. initial jobless claims at 220,000 last week, there have been only minor cracks in the U.S. labor market thus far despite recent announcements of layoffs and today's headlines about the United Automobile Workers (UAW) strike. Market participants may contemplate whether there is risk to the prevailing sentiment that the economy will enjoy a soft landing.

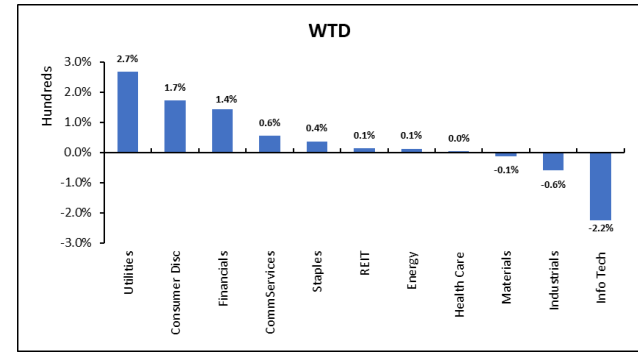
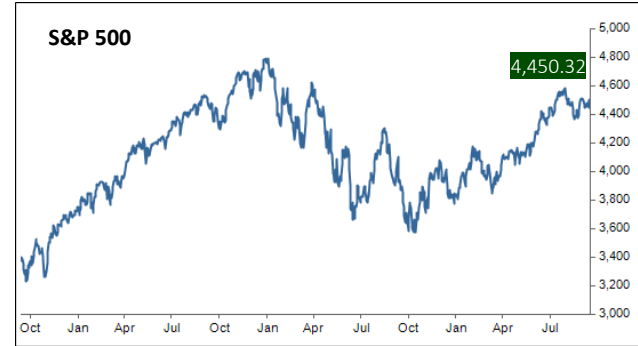
9/15/2023		Wk	Wk	YTD	12 Mos
	Close	Net	%	Div	%
		Change	Change	Yield	Change
<b>STOCKS</b>					
DJIA	34,618.24	41.65	0.12	2.09	4.44
S&P 500	4,450.32	-7.17	-0.16	1.55	15.91
NASDAQ	13,708.34	-53.19	-0.39	0.79	30.97
S&P MidCap 400	2,567.33	-7.20	-0.28	1.73	5.63
EAFE	2,099.61	25.59	1.23	3.23	8.01
Emerging Market	982.11	8.25	0.85	2.88	2.69

TREASURIES	Yield	FOREX	Price	Change
1-Year	5.43	USD/EUR	1.07	-0.41
2-Year	5.03	JPY/USD	147.85	-0.01
5-Year	4.47	USD/GBP	1.24	-0.68
10-Year	4.33	CAD/USD	1.35	0.85
30-Year	4.42			

Source: FactSet/Bloomberg

Sector - Large Cap	Close	Wk	WTD	MTD	QTD	YTD
		Net				
		Change				
<b>Defensive</b>						
Staples	756.39	2.77	0.4%	(1.0%)	(2.9%)	(2.9%)
Health Care	1,536.19	0.70	0.0%	(0.8%)	(0.8%)	(3.1%)
CommServices	229.65	1.26	0.6%	(0.0%)	6.3%	44.1%
<b>Eco Sensitive</b>						
Consumer Disc	1,353.31	22.85	1.7%	0.6%	1.7%	34.6%
Energy	701.84	0.87	0.1%	3.6%	12.6%	4.4%
Industrials	885.46	-5.33	(0.6%)	(3.0%)	(2.5%)	6.5%
Info Tech	2,986.56	-68.36	(2.2%)	(4.3%)	(3.2%)	37.5%
Materials	512.61	-0.65	(0.1%)	(1.6%)	(1.8%)	4.7%
<b>Interest Rate Sensitive</b>						
Financials	577.18	8.18	1.4%	1.1%	2.9%	1.3%
Utilities	327.33	8.50	2.7%	3.0%	(1.6%)	(8.7%)
REIT	229.57	0.32	0.1%	(1.0%)	(3.0%)	(1.2%)

COMING UP NEXT WEEK		Consensus	Prior
09/20 Fed Funds Target Upper Bound		5.50%	5.50%
09/21 Initial Claims SA	(09/16)	225.0K	220.0K
09/21 Philadelphia Fed Index SA	(Sep)	1.0	12.0
09/21 Existing Home Sales SAAR	(Aug)	4,100K	4,070K
09/21 Leading Indicators SA M/M	(Aug)	-0.35%	-0.40%
09/22 Markit PMI Manufacturing SA (Preliminary)	(Sep)	47.8	47.9
09/22 Markit PMI Services SA (Preliminary)	(Sep)	50.3	50.5



### Russell Style Return

WTD	Value	Blend	Growth
Large	0.47%	(0.15%)	(0.69%)
Medium	(0.10%)	(0.35%)	(0.97%)
Small	0.37%	(0.20%)	(0.79%)

YTD	Value	Blend	Growth
Large	5.42%	17.14%	29.66%
Medium	4.02%	7.25%	12.77%
Small	2.69%	5.98%	8.90%

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