

Market Flash Report

October 2023

Key Takeaways

- **Market News:** The "good news is bad news" trend continued in October, as real GDP increased significantly (+4.9% QoQ annualized) and payrolls were higher than anticipated. The S&P 500 tumbled another -2.1%, marking the 3rd consecutive down month for the large cap index. The Equal Weighted S&P 500 index fared worse (-4.1%) and is down -2.4% YTD vs. +10.7% YTD for the market cap weighted index.
- **Small Caps:** The Russell 2000 had its worst month (-6.8%) since September 2022, pulled lower by health care (-9.9%), tech (-8.8%), and telecom (-8.2%) stocks. Small cap equities have been heavily impacted by higher rates as they have much less bargaining power than mega caps. Inflation came in hotter than the previous month at +3.7% YoY and is another data point for the Fed to keep rates at current levels for longer.
- **Commodities:** While oil prices were lower in October, other commodities such as silver and gold pushed the Bloomberg Commodity Index higher +0.3%. Commodities were the one bright spot in October as investors flowed into "safe haven" and uncorrelated assets.
- **Bonds:** The 10-year Treasury yield hit 5% for the first time since 2007. The rise of the long end of the curve pushed bond prices down during the month. Two sectors that have performed well in 2023 (High Yield & EM Debt) were lower as investors went more risk-off in October. Short-duration continued to outperform longer-duration bonds as the short end of the curve stayed relatively flat.

Index Performance (as of 10/31/2023)

ARIZONA
 CALIFORNIA
 COLORADO
 D.C. METRO AREA
 FLORIDA
 GEORGIA
 MASSACHUSETTS
 NEW JERSEY
 NEW YORK
 RHODE ISLAND
 TEXAS
 WASHINGTON
 WYOMING
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Equity	MTD	YTD	One-Year
U.S. Large Cap	-2.1%	10.7%	10.1%
U.S. Small Cap	-6.8%	-4.5%	-8.6%
Developed Non-U.S.	-4.0%	3.2%	15.0%
Emerging Market	-3.9%	-1.8%	11.3%
Real Assets			
Real Estate	-4.8%	-8.2%	-3.2%
Commodities	0.3%	-3.2%	-3.0%
Natural Resource Equities	-4.0%	0.7%	0.2%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	-1.2%	4.6%	6.2%
Emerging Market Debt	-0.5%	4.9%	15.0%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	-1.6%	-2.8%	0.4%
U.S. Treasuries	-1.2%	-2.7%	-0.6%
U.S. Municipal Bonds	-0.2%	-1.0%	2.3%
Month-End Values/Yield			
CBOE Volatility Index	18.1	17.5	25.9
10-Year Treasury Yield	4.9%	4.6%	4.1%

Disclosures

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U.S. Large Cap Equity is represented by the S&P 500 Index, with dividends reinvested. U.S. Small Cap Equity is represented by the Russell 2000 Index. Developed Non-U.S. Equity is represented by the MSCI EAFE Index. Emerging Market Equity is represented by the MSCI EM Index. Real Estate is represented by the S&P Global Property Index. Commodities are represented by the Bloomberg Commodity Index. Natural Resource Equities are represented by the S&P North American Natural Resources Index. U.S. High Yield Debt is represented by the Bloomberg Barclays U.S. Corporate High Yield Index. Emerging Market Debt is represented by the JPM GMI-EM Global Diversified Index. U.S. Aggregate Bonds is represented by the Bloomberg Barclays U.S. Aggregate Bond Index. U.S. Treasuries is represented by the Bloomberg Barclays U.S. Treasury Index. U.S. Municipal Bonds is represented by the Bloomberg Barclays Municipal 1-10yr Index.