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Weekly Wire

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The Four S's and the Fed

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Global equities posted a small gain last week despite interest rates knocking at the door of their highest levels in nearly two decades. That's the case for the US 10-year Treasury which is close to its highest yield since November 2007. Meanwhile, 30-year mortgage rates are near their highest levels since June 2001. Indeed, higher interest rates remain a concern for investors, and rightfully so, as do the current stew of the 4 S's: the potential government **S**hutdown, **S**tudent loans getting repaid, various labor **S**trikes, and poor stock market **S**easonals. The 4 S's are shorter-term concerns, but it could be said these are already priced into the markets to some extent. In a few weeks, the seasonals greatly improve.

As for potential market-moving events this coming week, we do get housing data (expected to remain stable), the composite of leading indicators (expected to still show future economic weakness), and the Fed interest rate decision (the CME FedWatch Tool suggests no change this month). The latter is arguably the most important and the Fed may provide insights on how long the Fed might pause. It's not likely to change the current narrative, however, as inflation and labor data will still need to provide more evidence for the Fed to do so. Inflation is clearly off its peak, of course, but with rising energy prices and low year ago inflation numbers soon scrolling off the year-over-year numbers, it's more likely than not we'll have upticks in inflation going into year-end. The labor market meanwhile is indeed softening off its multi-decade unemployment lows but remains strong enough to not warrant Fed cuts anytime soon — at least not yet.

Note that we added a new benchmark to the performance table this week: the TV Benchmark. It's an equal-weighted index of the benchmarks we see on TV: S&P 500, NASDAQ and the Dow Jones. It's unofficially a number many investors measure performance against, but it's flawed. There are several reasons why it's flawed, but the biggest reason is that it's truly not representative of investors' true opportunity set. For more, check out their August Monthly Market Commentary.

Add it all up...

Stay invested. Stay diversified. Stay disciplined.

Key Economic Data Last Week

Data Point	Expectation	Actual
Consumer Price Index (CPI) YoY	3.6%	3.7%
Core CPI YoY	4.3%	4.3%
Producer Price Index (PPI) YoY	–	1.6%
Core PPI YoY	–	2.2%
US Retail Sales	0.1%	0.6%
Industrial Production	0.2%	0.4%

Key Economic Data This Week

Data Point	Expectation	Release Date
Housing Starts	1.43M	9/19/2023
Fed Interest Rate Decision	Pause	9/20/2023
US Leading Economic Indicators	-0.5%	9/21/2023
Existing Home Sales	4.10M	9/21/2023
Flash Services PMI	50.8	9/22/2023
Flash Manufacturing PMI	48.3	9/22/2023

Mind Over the Market

Good investing is divested of fear and greed.

The Behavioral Investor, Dr. Daniel Crosby

Trivia

What was The Wall Street Journal called during its first 6 years of publication (1883-1889)?

Customers' Afternoon Letter.