

SEPTEMBER 25, 2023

Weekly Wire



Higher for Longer

By Rusty Vanneman, CMT, CFA, BFA™

Interest rates remaining at higher levels for longer than expected is increasingly becoming the primary concern for many investors. Depending on the maturity, we're witnessing the highest yield levels in over 20 years for shorter maturities and over a dozen years for longer-term bonds. Mortgage rates are also at their highest levels in over 20 years. The Federal Reserve's September 20th meeting witnessed revisions to the "dot plots," suggesting that the Fed is thinking rates will be higher for longer. The Fed indicated it's likely there will be one more rate hike this year, though interestingly the market doesn't necessarily agree with that notion yet. The market even believes there will be multiple rate cuts next year.

Given that current inflation and employment data supports the Fed's current views and actions, it's interesting the market is apparently fading what the Fed is saying. Many investors are adding longer maturity bonds back into their portfolios. That might be the right call, but given that stock market prices are higher this year and credit spreads are tighter I would argue there is still a good possibility of a "pain trade" toward higher rates. As I learned early in my career, the market tends to move in the direction that causes the most pain for investors.

As for potential market-moving events this coming week, beyond watching interest rates we will see more key inflation data as the Fed's preferred inflation indicator, the Personal Consumption Expenditures, is released Friday. It is also the last week of the quarter, and given recent losses the only positive asset classes on the quarter are currently diversifying assets, such as real assets/commodities and alternatives/liquid alts.

Add it all up...

Stay invested. Stay diversified. Stay disciplined.

If you have any questions or comments, please let me know: Rusty@Orion.com. Have a great week!

Interest Rates as of September 22, 2023		
Rate	This Week	1 Wk Δ%
13-Wk Treasury Yield	5.30%	0.00%
10-Yr Treasury Yield	4.44%	0.12%
Bloomberg US Agg Yield	5.38%	0.09%
Avg Money Mkt Yield	5.17%	0.01%
Avg 30-Yr Mortgage Rate	7.59%	0.10%

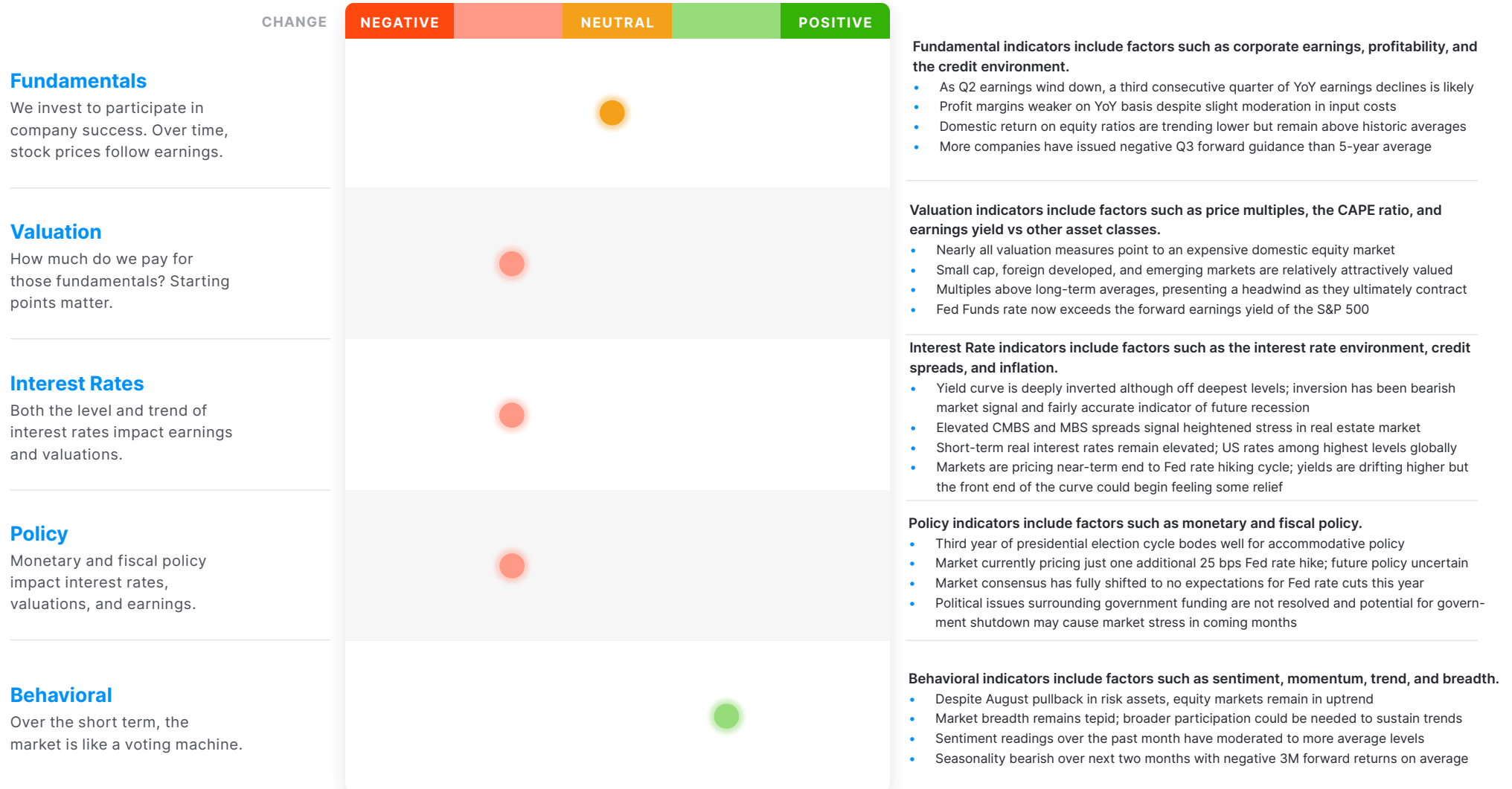
Key Economic Data This Week		
Data Point	Expectation	Release Date
New Home Sales	698,000	9/26/2023
Durable Goods Orders	-0.5%	9/27/2023
Personal Income	0.5%	9/29/2023
Personal Spending	0.5%	9/29/2023
Personal Consumption Expenditures (PCE)	-	9/29/2023
Core PCE	-	9/29/2023

Key Economic Data Last Week		
Data Point	Expectation	Actual
Housing Starts	1.43M	1.28M
Fed Interest Rate Decision	Pause	Pause
US Leading Economic Indicators	-0.5%	-0.4%
Existing Home Sales	4.10M	4.04M
Flash Services PMI	50.7	50.2
Flash Manufacturing PMI	48.3	48.9

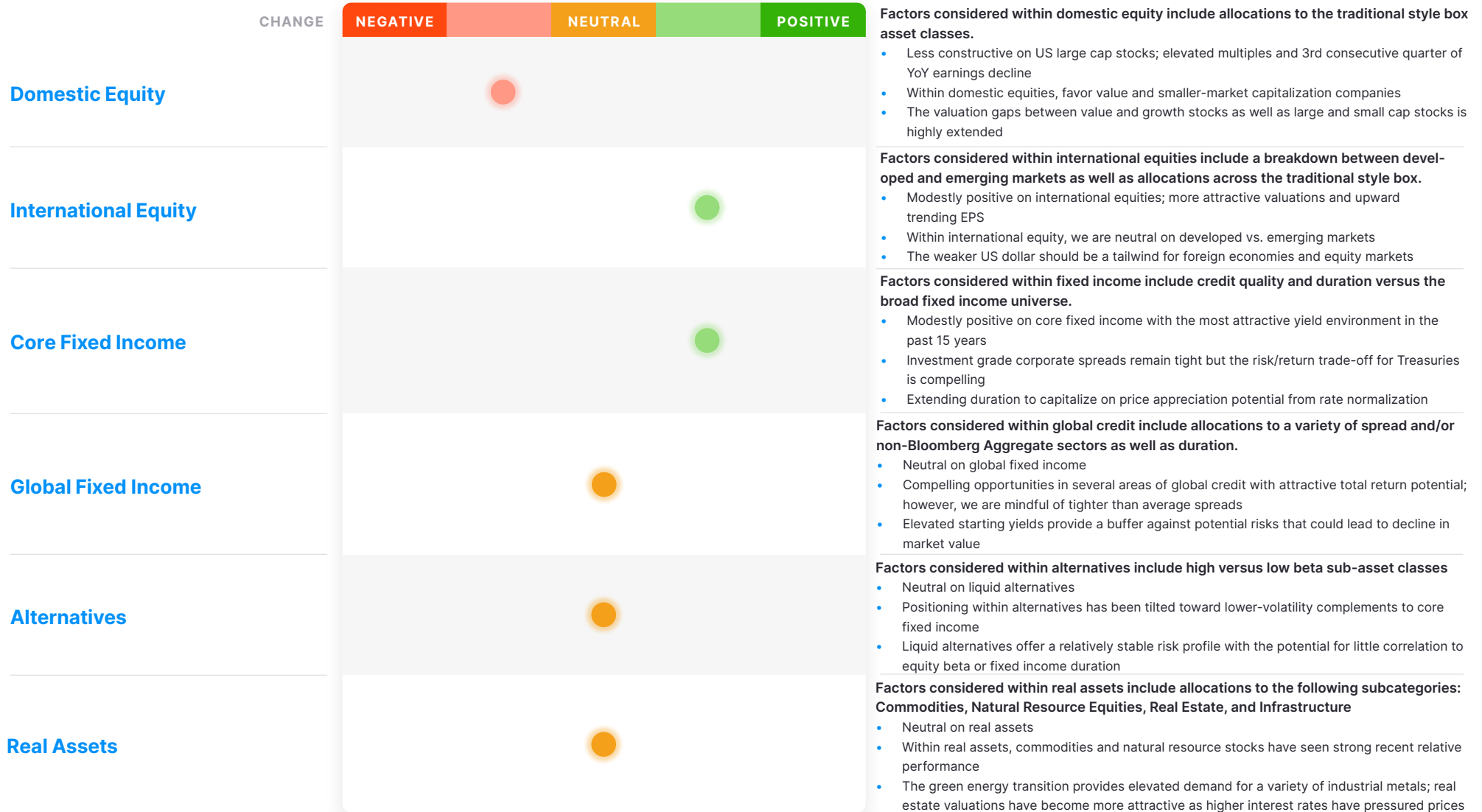
Stocks, Bonds, Alternatives, & Real Assets as of September 22, 2023							
Security Name	Risk Score*	1 Wk	1 Mo	QTD	YTD	1 Yr	3 Yr Ann.
Global Equities (60% US, 40% Intl)	100	-2.66%	-0.76%	-2.38%	10.96%	16.83%	8.18%
S&P 500 Total Return	102	-2.91%	-1.40%	-2.58%	13.88%	16.91%	10.95%
Dow Jones Total Return	97	-1.89%	-0.71%	-0.77%	4.13%	15.38%	9.76%
NASDAQ 100 Total Return	121	-3.28%	-1.32%	-2.96%	35.23%	28.95%	10.41%
TV Benchmark Average	106	-2.70%	-1.14%	-2.10%	17.75%	20.41%	10.37%
Morningstar US Large Cap	102	-2.97%	-1.07%	-1.86%	17.04%	18.96%	10.25%
Morningstar US Mid Cap	113	-2.86%	-2.14%	-4.79%	3.32%	8.90%	8.95%
Morningstar US Small Cap	124	-3.64%	-3.27%	-5.06%	5.16%	9.42%	9.24%
Morningstar US Value	98	-2.22%	-0.74%	-0.99%	3.02%	12.33%	14.44%
Morningstar US Growth	124	-3.95%	-2.98%	-6.01%	20.45%	16.56%	2.98%
MSCI ACWI Ex USA	97	-2.17%	0.16%	-2.40%	7.23%	17.37%	4.80%
MSCI EAFE	100	-2.03%	0.06%	-2.69%	9.11%	23.07%	6.94%
MSCI EM	97	-2.08%	-0.04%	-1.68%	3.33%	7.77%	-0.98%
Bloomberg US Agg Bond Index	26	-0.50%	0.00%	-2.29%	-0.24%	0.37%	-4.96%
Bloomberg Commodity Index	70	-1.06%	2.67%	5.98%	-2.27%	-3.93%	16.62%
Wilshire Liquid Alternative Index	26	-0.58%	0.36%	0.14%	2.74%	3.10%	1.99%
US Dollar**	10	-0.04%	2.00%	2.38%	1.78%	-4.77%	4.00%
Bloomberg US Treasury Bill 1-3mo	1	0.10%	0.46%	1.23%	3.58%	4.56%	1.71%

*The Orion Risk Score represents risk relative to the global equity market. **As of 09/21/2023. Table Sources: Morningstar, Yahoo Finance, S&P Global, Crane Data, BankRate, MarketWatch, First Trust.

Brinker Capital Five Factor Stock Market Barometer



Brinker Capital Asset Class Barometer



ASSET CLASS BAROMETER →

The Brinker Asset Class Barometer serves as the team’s outlook on the six major asset classes that comprise the multi-asset class portfolios. It is updated each month by the Orion Asset Allocation Committee. Standard inputs include proprietary reports produced by the Brinker Discretionary Investment Team as well as industry-leading external research providers.

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