

## U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P), returned -2.10% in October.
- ▶ Within the S&P, only one of the 11 sectors posted positive returns. The Utilities sector was once again the best performer for the month, returning 1.29%, while the second-best performing sector, Information Technology, posted a return of -0.02%. Energy was the worst performing sector, posting a return of -5.97%.
- ▶ Negative returns were seen across all market capitalizations, with small-caps (Russell 2000) returning -6.82%, mid-caps (Russell Mid Cap Index) returning -4.99%, and large-caps (Russell 1000 Index) returning -2.42%. Value stocks outperformed growth stocks across small and mid capitalizations, but growth outperformed within the large-caps market capitalization.

## Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned -4.13%. Developed markets, represented by the MSCI EAFE Index, saw returns of -4.05%, and emerging markets (EM), represented by the MSCI Emerging Markets Index, saw returns of -3.89% in October.
- ▶ Within the ACWI ex-U.S. Index, all of the 11 sectors posted negative returns. Utilities was the best performing sector, with a return of -1.11%. Energy, the second-best performer in October, posted a return of -2.54%. Industrials was the worst performing sector, posting a return of -5.91%.
- ▶ Regionally, non-U.S. equities also saw negative returns across the board, with EMEA performing the best, returning -2.84%. Canada was the worst performing region, returning -5.63% in October.

## Fixed Income

- ▶ Treasury yields continued to rise across the curve in October, with greater changes on the longer end. On the long end, the 10- and 30-year bond yields saw increases of 36 and 39 basis points (bps), respectively. On the shorter end, the 2-year saw an increase of 4 bps and the 5-year saw an increase of 24 bps, leading the Broad Treasury Index to decline -1.32% for the month.
- ▶ The Bloomberg U.S. Aggregate Index (Aggregate) fell by -1.58% in October. Investment-grade (IG) credit as a whole returned -1.78%, AAA-rated bonds returned -0.68%, AA-rated bonds returned -1.83%, A-rated bonds returned -1.86%, and BBB-rated bonds returned -1.87%. High-yield corporates saw a return of -1.16% during the month.

## Alternatives and Other Asset Classes

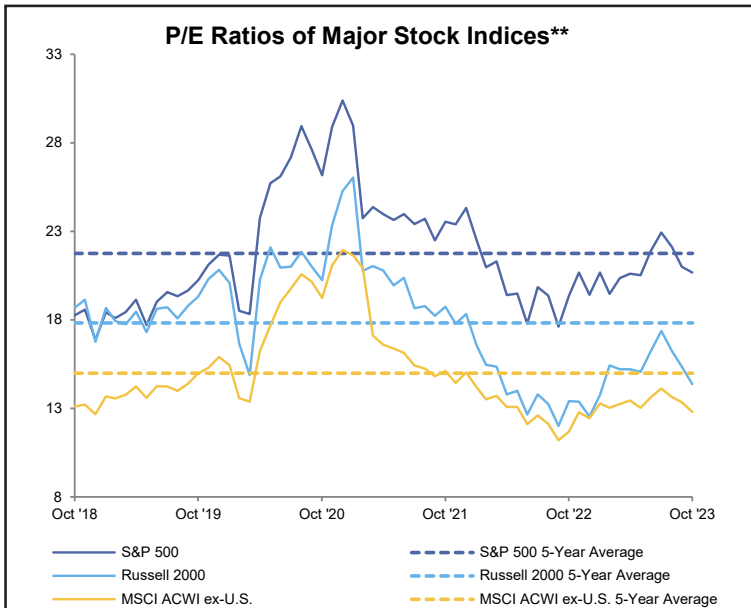
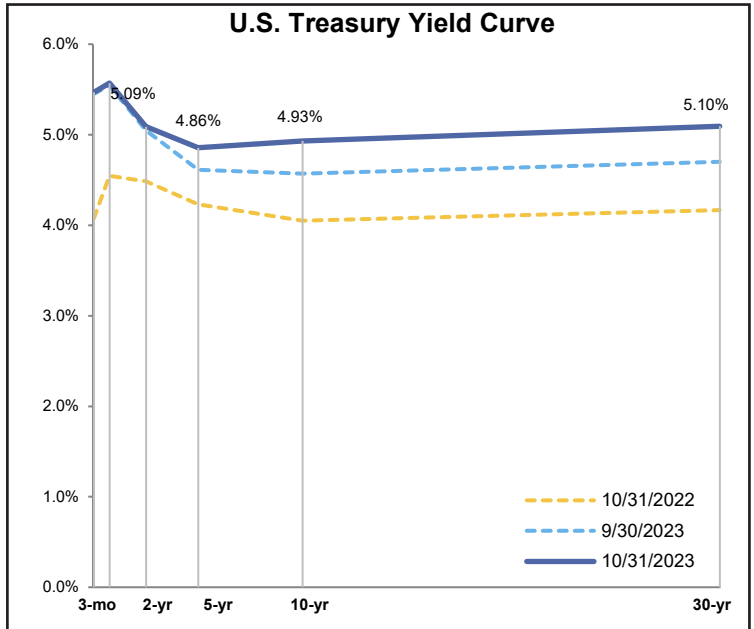
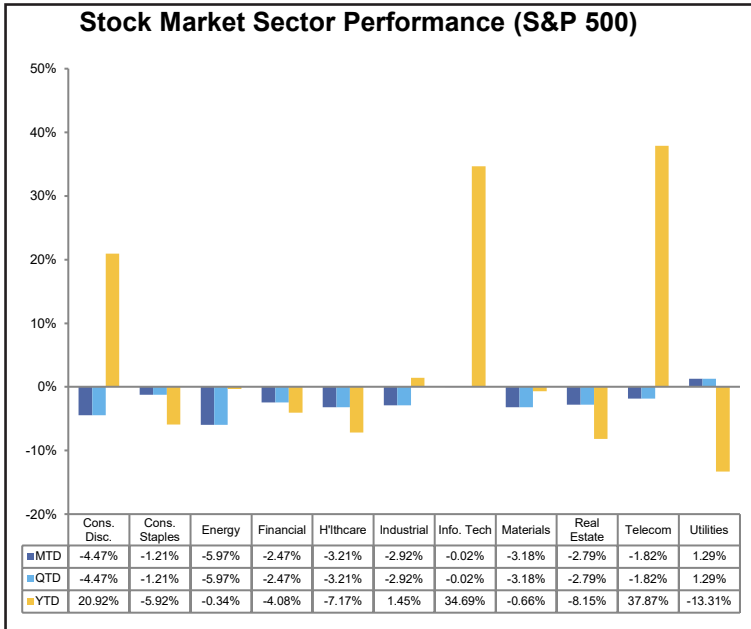
- ▶ Real estate investment trusts (REITs), represented by the FTSE NAREIT Index, returned -4.36% in October. Two of the nine real estate sectors had positive returns for the month. The Data Centers sector did the best, returning 1.26%. The worst performing sector of the month was Self-Storage, returning -11.33%.
- ▶ Listed infrastructure, represented by the FTSE Global Core Infrastructure 50/50 Index, returned -1.70% for the month. Utilities returned 1.29% during the month.
- ▶ The active contract for West Texas Intermediate (WTI) crude fell to \$81.02/barrel in October, down \$9.77 from \$90.79/barrel at the end of September.

## Items to Watch

- ▶ The U.S. job market appears to be modestly slowing. The unemployment rate rose 0.1% to 3.9% in October. Non-farm payrolls added just 150,000 jobs in October, with a 35,000-worker decline in manufacturing employment. However, that figure was significantly impacted by striking auto workers, who have now returned to work. Average hourly earnings growth slowed, with annual growth edging down to 4.1%, the lowest reading since the middle of 2021. This is a good sign for the Fed, which has consistently emphasized the need to control wage growth to rein in inflation. However, it is still above the annual wage growth of around 3.5% that the Fed estimates would be consistent with its 2% inflation target.
- ▶ As the labor market continues to cool, consumer confidence has also dampened. The October Conference Board Consumer Confidence Index declined moderately to 102.6, its lowest level since May. Meanwhile, average 12-month consumer inflation expectations rose from 5.7% to 5.9%. Despite market expectations of a short and shallow contraction, 70% of consumers believe a recession is either somewhat likely or very likely in the next 12 months.
- ▶ The consumer's worries about the future may become a self-fulfilling prophecy if it prompts a pull-back in demand, as the third quarter U.S. gross domestic product (GDP) growth of 4.9% (annually) was driven in large part by consumer spending. Retail sales in the U.S. advanced 0.7% month over month in September despite high prices and borrowing costs, while personal savings dropped to 3.4%, significantly below the pre-pandemic average of 8.9%.
- ▶ The UK on the other hand has seen the impacts of consumer fear, with retail sales rising by an annual rate of 2.5% in October, well below the 12-month average of 4.2%. This poses a risk to overall economic growth, as reflected in the most recent Bank of England forecast, which showed no growth for the country in 2024.

| Total Return of Major Indices   |        |        |        |        |
|---------------------------------|--------|--------|--------|--------|
| Domestic Equity                 | MTD    | QTD    | YTD    | 1 YR   |
| S&P 500                         | -2.10% | -2.10% | 10.68% | 10.12% |
| Russell 3000                    | -2.65% | -2.65% | 9.40%  | 8.35%  |
| Russell 2000                    | -6.82% | -6.82% | -4.48% | -8.62% |
| Russell 1000                    | -2.42% | -2.42% | 10.26% | 9.46%  |
| International Equity            | MTD    | QTD    | YTD    | 1 YR   |
| MSCI ACWI ex-U.S.               | -4.13% | -4.13% | 0.99%  | 12.07% |
| MSCI EAFE                       | -4.05% | -4.05% | 2.74%  | 14.40% |
| MSCI Emerging Markets           | -3.89% | -3.89% | -2.14% | 10.80% |
| Fixed Income                    | MTD    | QTD    | YTD    | 1 YR   |
| Bloomberg Barclays U.S. Agg     | -1.58% | -1.58% | -2.77% | 0.36%  |
| Bloomberg Barclays Global Agg   | -1.20% | -1.20% | -3.38% | 1.72%  |
| Bloomberg Barclays U.S. HY      | -1.16% | -1.16% | 4.63%  | 6.23%  |
| Alternatives and Diversifying   | MTD    | QTD    | YTD    | 1 YR   |
| FTSE Global Core Infrastructure | -1.70% | -1.70% | -8.79% | -3.63% |
| FTSE NAREIT Equity              | -4.36% | -4.36% | -6.41% | -6.10% |
| Bloomberg Commodity             | -0.21% | -0.21% | -7.26% | -7.71% |

| Economic Indicators                        |           |                |
|--|-----------|----------------|
| Domestic                                   | Current   | Previous Month |
| Unemployment Rate (%)                      | 3.9%      | 3.8%           |
| Initial Jobless Claims (4 week average)    | 210 K     | 208 K          |
| CB Leading Economic Indicators             | -0.7      | -0.5           |
| Capacity Utilization                       | 79.7%     | 79.5%          |
| GDP (annual growth rate)                   | 4.9%      | 2.1%           |
| University of Michigan Consumer Confidence | 63.8      | 67.9           |
| New Home Starts                            | 759 K     | 676 K          |
| Existing Home Sales                        | 4 MM      | 4 MM           |
| Retail Sales (YoY)                         | 3.2%      | 2.5%           |
| U.S. Durable Goods (MoM)                   | 4.6%      | -0.1%          |
| Consumer Price Index (YoY)                 | 3.7%      | 3.7%           |
| Producer Price Index (MoM)                 | 1.0%      | 2.1%           |
| Developed International*                   | 6/30/2023 | 3/31/2023      |
| Market GDP (annual rate)                   | 1.8%      | 2.4%           |
| Market Unemployment                        | 4.3%      | 4.2%           |



Source: Bloomberg. Data as of October 31, 2023, unless otherwise noted.  
 \*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of June 30, 2023 due to release dates of numerous countries.  
 \*\*P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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