

9/5/23

THE WEEK AHEAD



THINGS TO WATCH

– **BEIGE BOOK:** The Federal Reserve’s Summary of Commentary on Current Economic Conditions (informally known as the Beige Book) will be released Wednesday covering the period from early July through mid-August. The report, which is a summary of anecdotal information on economic conditions in the central bank’s 12 districts, should shed more light on the summer surge in consumer spending on concerts, hotels, and theater visits.

– **CHINA TRADE DATA:** On Thursday, China’s trade balance data is expected to show the world’s second-largest economy experienced a 9% to 10% decline in both imports and exports during August compared to a year ago. A recovery in global supply chains has reduced overheated demand for Chinese-made goods and inputs, while soft domestic demand has been driven by property market weakness. In recent months, China’s policymakers have introduced a series of measures to support the housing market, bank lending, and consumer spending.

– **INDUSTRY CONFERENCES:** Adobe (ADBE), Applied Materials (AMAT), Cisco Systems (CSCO), Microsoft (MSFT), PayPal (PYPL), Texas Instruments (TXN), Verizon (VZ), and Visa (V) are among notable companies scheduled to present at a technology and communications conference hosted by Goldman Sachs in San Francisco this week. On the other side of the country, Amgen (AMGN), Medtronic (MDT), Pfizer (PFE), and Johnson & Johnson (JNJ) will present at the Wells Fargo Healthcare Conference in Boston held Wednesday and Thursday.

– **FED SPEAKERS:** On Wednesday, Dallas Fed President Lorie Logan will participate in a panel discussion in Lubbock, Texas on various challenges faced by the local economy. Logan, who has been one of the more hawkish Fed voices this year, is a Federal Open Market Committee (FOMC) voter in 2023. Other Fed speakers on the calendar this week include the heads of the New York (John Williams) and Atlanta (Raphael Bostic) Federal Reserve Banks at separate events Thursday. Williams has a permanent FOMC vote while Bostic is not a voter in 2023.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
S&P CoreLogic CS 20-City U.S. HPI (Y/Y)	-1.2%	-1.1%	▼
JOLTS Job Openings (Millions)	8.83	10.32	▼
Core PCE Price Index (Y/Y)	4.2%	4.6%	▼
Non-Farm Payrolls (Thousands)	187	281	▼
Unemployment Rate	3.8%	3.7%	▲
Average Hourly Earnings (Y/Y)	4.3%	4.3%	-

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	34837.71	1.43%	5.10%	11.24%
NASDAQ	14031.81	3.25%	34.06%	20.64%
S&P 500	4515.77	2.50%	17.61%	15.07%
MSCI EAFE	2104.02	2.46%	8.24%	15.39%
BB U.S. Aggregate	2067.05	0.48%	0.89%	-1.45%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	5.41%	5.40%	2.87%
10-Year Treasury	4.18%	4.03%	3.19%

REPORTS DUE THIS WEEK	LATEST
ISM Services PMI	52.7
S&P Global U.S. Services PMI	51.0
Durable Goods Orders (M/M)	-5.2%
Labor Productivity	3.7%
Consumer Credit (\$ billion)	17.85

Price returns are as of 9/1/23. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

10.04%

The quarter-to-date total return outperformance of the S&P 500 energy sector (11.59%) versus the S&P 500 technology sector (1.55%) through September 1. This two-month stretch of relative strength for energy stocks follows a period of pronounced weakness during which the S&P 500 energy sector (-5.55%) trailed the S&P 500 technology sector (+42.77%) by nearly 50% in the first six months of 2023. The recent energy sector recovery has coincided with a roughly 20% gain in WTI crude oil prices over the last ten weeks.

33.9%

The year-over-year percentage drop in the value of new home sales in August by the 100 largest real estate companies in China, according to data from China Real Estate Information Corp. Measures taken in recent months by Chinese policymakers to revive residential real estate demand have failed as prospective buyers remain concerned about falling prices and the risk financially troubled developers do not finish units. Last week, the minimum down payment for first-time homebuyers was reduced to 20% nationwide.

DISCLOSURES



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