



WEEK OF SEPTEMBER 11, 2023

Market Update

Quick Hits

1. **Report releases:** Service sector confidence rose in July.
2. **Financial market data:** Apple stock fell as a result of China's ban on products for government employees.
3. **Looking ahead:** Investors will look to inflationary data and retail sales for signs of continued economic strength.

Report Releases: September 4–8, 2023

Durable
Goods Orders
July (Tuesday)

Durable goods fell in line with expectations of –5.2 percent and shows that consumers are hesitant to take on longer-term purchases.



International
Trade Report
July (Thursday)

The trade deficit widened less than expected in July, as exports rose by 1.6 percent while imports were up 1.7 percent.

- Expected/prior trade balance: –\$68B/–\$63.7B
- Actual trade balance: –\$65B



ISM Services
August (Friday)

Service sector confidence improved more than expected in August, with high levels of consumer demand helping to bring the index to a six-month high.

- Expected/prior ISM Services index: 52.5/52.7
- Actual ISM Services index: 54.5



Consumer Credit
July (Friday)

July consumer credit came in below expectations at \$10.399B versus average expectations of \$16.738B. This figure can be volatile, but the drop is below that of last month’s \$17.847B and shows a decline in activity.



>> The Takeaway

- Durable goods orders and consumer credit remain under pressure as higher rates lead to lower levels of activity in both areas.
- On a positive note, both trade balance and ISM Services data surprised to the upside.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	−1.26%	−1.08%	17.45%	11.46%
Nasdaq Composite	−1.92%	−1.94%	32.27%	14.63%
DJIA	−0.70%	−0.36%	5.99%	9.88%
MSCI EAFE	−1.38%	−1.61%	9.08%	15.95%
MSCI Emerging Markets	−1.17%	−0.63%	3.90%	3.03%
Russell 2000	−3.58%	−2.51%	6.22%	−0.11%

Source: Bloomberg, as of September 8, 2023

Global equities sold off last week as news of a ban on Apple (AAPL) products for Chinese government employees sent the stock down by six percent. This is particularly important as it’s the largest holding within the S&P 500 Index. Nvidia (NVDA) also struggled as its main manufacturer, Taiwan Semiconductor (TSM), noted that supply constraints on AI chips will take about 18 months to ease. This led to concerns over a backlog at Nvidia (NVDA).

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	−0.77%	0.59%	−1.06%
U.S. Treasury	−0.74%	−0.04%	−1.96%
U.S. Mortgages	−0.80%	0.14%	−1.77%
Municipal Bond	−0.25%	1.34%	2.37%

Source: Bloomberg, as of September 8, 2023

U.S. Treasury yields reversed course with the belly of the curve (2- to-10-year Treasuries) rising. The move comes ahead of both Consumer Price Index (CPI) and Producer Price Index (PPI) data this week. CPI is expected to increase, which may provide some credit to selling in the intermediate space.

>> The Takeaway

- Apple and Nvidia faced headwinds as a result of specific news last week.
- The belly of the curve reversed course, with yields moving higher on the potential of higher inflation ahead.

Looking Ahead

This week will be full of important data releases including CPI, retail sales, PPI, and consumer sentiment.

- The data releases will begin on Wednesday with the release of the **CPI data** for August. Consumer inflation is set to rise by 0.6 percent, with year-over-year price growth expected to rise from 3.2 percent in July to 3.6 percent in August.
- Thursday will see the release of both **retail sales** and **PPI data** for August. Retail sales are set to grow modestly in August following a larger-than-expected surge in July. While producer prices are expected to increase by 0.4 percent during the month, year-over-year producer inflation is set to remain muted at 1.4 percent.
- Finally, Friday will wrap with the preliminary **University of Michigan consumer sentiment survey** for September. The first estimate for consumer sentiment in September is expected to show a modest decline for the index, which would mark two consecutive months with declines.





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of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent.

Authored by the Investment Research team at Commonwealth Financial Network®

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