

## Economic Calendar

### Monday, September 4

Labor Day. All Markets Closed.

### Tuesday, September 5

Durable Goods Orders.

### Wednesday, September 6

Mortgage Activity, U.S.  
Trade Deficit, S&P  
Global/ISM Services PMIs,  
Fed Beige Book.

### Thursday, September 7

Jobless Claims, Labor  
Productivity/Costs.

### Friday, September 8

Wholesale Trade  
Sales/Inventories, Consumer  
Credit.

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# WEEKLY RECAP

August 28 - September 1, 2023 Recap

## Best Week Since June

### *Falling Yields Spur Steady Rate Outlook*

Equities returned to gains last week, due in large part to an outsized pullback in U.S. Treasury yields at month-end amid cooling economic data and an uptick in the unemployment rate on Friday. The data added hopeful evidence that the Federal Reserve may avoid having to raise interest rates at their upcoming September 19-20 policy meeting. The S&P 500 and Nasdaq Composite posted their second straight weekly gains.

### *For the Week...*

The S&P 500 broadly advanced 2.55%, its best weekly performance since June. The Dow Jones Industrial Average gained 1.57% and the Nasdaq Composite surged 3.27%, their best respective weekly gains since July. The small cap focused Russell 2000 Index (+3.67%) outperformed, breaking a four-week losing streak to notch its strongest weekly gain since March.

### *Nonfarm Payrolls*

U.S. nonfarm payrolls increased by 187,000 in August, topping expectations for 170,000. Negatively, however, the prior two months were revised lower by a combined 110,000. Moreover, the unemployment rate rose from 3.5% to 3.8%, mostly due to higher labor force participation, rising by 0.2% to 62.8%. Lastly, average hourly wages rose at a smaller 0.2% pace to \$33.82.

### *Weekly Sector Insights*

Nine of the 11 S&P 500 sectors posted gains last week, led by Technology (+4.44%), Energy (+3.78%), and Materials (+3.72%). Real Estate (+1.48%) and Healthcare (+0.06%) rose the least, while Utilities (-1.57%) and Consumer Staples (-0.22%) lagged. Technology (+44.99%) has edged out Communication Services (+44.38%) as this year's top sector performer, followed by Consumer Discretionary (+34.01%).

### *Treasury Yields Fall*

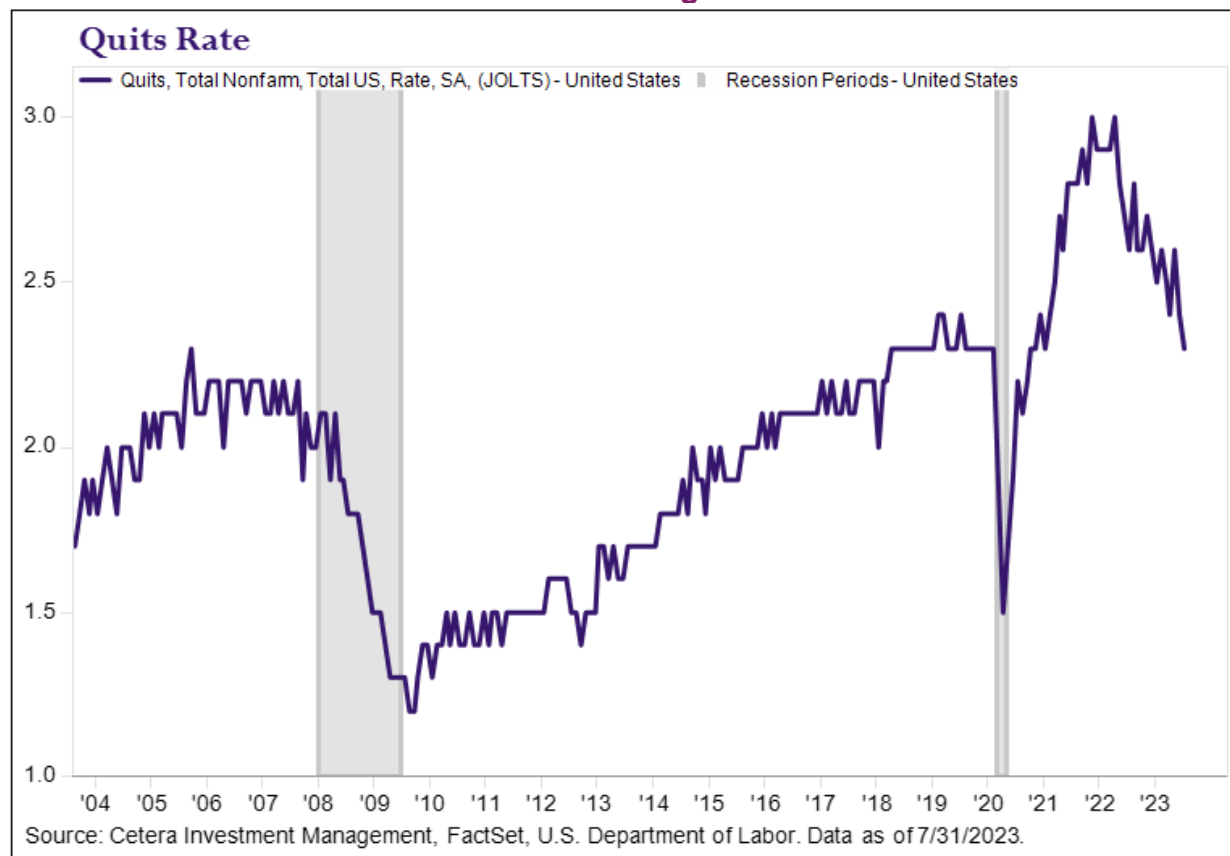
The yield on benchmark 10-year Treasury notes ended Friday at 4.186%, down 0.045% for the week. Thursday before last, the yield on 10-year Treasuries had reached 4.34%, its highest since 2007.

## Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	1.57%	0.34%	5.97%	6.73%	12.45%	8.92%
S&P 500	2.55%	0.19%	7.40%	18.95%	15.79%	10.30%
NASDAQ Composite	3.27%	-0.02%	7.31%	34.86%	20.13%	6.35%
Russell 3000	2.77%	0.30%	7.75%	18.36%	15.01%	9.59%
Russell 2000	3.67%	1.12%	9.06%	10.17%	7.04%	8.13%
MSCI EAFE	2.53%	-0.24%	2.12%	10.60%	20.83%	6.10%
MSCI Emerging Markets	1.52%	0.55%	3.67%	5.13%	3.67%	-1.76%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	0.48%	-0.47%	-1.75%	0.89%	-1.07%	-4.61%
Bloomberg Municipal Bonds	0.36%	-0.02%	-0.37%	1.57%	2.19%	-1.32%
Bloomberg US Corp High Yield	0.95%	0.01%	3.05%	7.14%	7.78%	1.78%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	1.29%	0.67%	9.05%	-2.12%	-6.39%	15.32%
S&P GSCI Crude Oil	7.17%	2.30%	22.04%	6.59%	-1.22%	25.98%
S&P GSCI Gold	1.40%	0.06%	-1.42%	7.72%	15.08%	-0.20%

Source: Cetera Investment Management, FactSet, YCharts. Data as of 8/18/2023

## Chart of the Week: Labor Market Normalizing



The labor market, like much of the economy, experienced dislocations during the pandemic. One area of disruption was the abnormally high quits rate following the pandemic recession. A higher rate of people quit their job seeking more lucrative wages with other companies. That dynamic is changing, and the quits rate is back to the 2019 average of 2.3%. Less job turnover friction should help slow outsized wage growth. Slowing wage growth would help ease inflationary pressures in the broader economy.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](#) on Twitter.

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### **Glossary**

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.



The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDXY or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.