CREWCIAL® PARTNERS

# Q3 2023 | Global Market Summary

# QUARTERLY HIGHLIGHTS

## ADJUSTING EXPECTATIONS

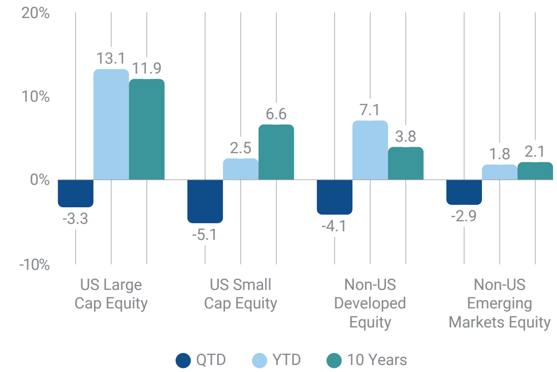
### US:

The US economy continued to show resilience, pushing through a wide variety of headwinds, including higher interest rates, geopolitics, and slowing global growth. Although financial markets declined as investors adjusted their expectations for near-term rate cuts, the overall economy continued to hum along. A low and steady unemployment rate and overall downward trends in inflation (year over year) continued to support consumer confidence and spending. Business activity also showed signs of strength; the ISM Services Purchasing Managers' Index (PMI) remained in positive territory, benefiting from a backlog of orders, while manufacturing PMIs showed signs of improvement with an uptick in business activity and new orders.

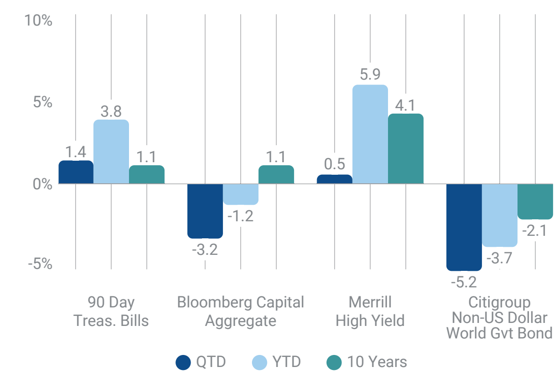
In September, the 146,000 members of the United Auto Workers (UAW) agreed to strike against all three big automakers after contract talks for a new labor agreement reached an impasse. Economists do not expect the strike to deeply affect overall GDP growth. The automakers account for about 3% of US GDP; historically, slowdowns in production activity are offset by a rebound after the strike ends as manufacturers seek to make up for missed production. However, the long-term implications for the relationship between workers, employers, and wages are less certain.

Political process issues came to a head towards the end of the quarter when the Republican majority in the US House of Representatives fractured and risked a government shutdown, as members of its caucus sought to delay the passing of a funding bill for the upcoming fiscal year's budget. Speaker of the House Kevin McCarthy was ultimately able to pass a short-term spending bill, but it cost him the speakership and has created uncertainty around the institution's next administrative head and the rule-making body's ability to pass legislation.

### EQUITY MARKET PERFORMANCE




### CREDIT MARKET PERFORMANCE



The Federal Open Market Committee (FOMC) met in July and September. It agreed to increase the federal-funds target rate corridor by 25 bps in July and to forego an increase in September; the corridor is currently 5.25-5.50%. At the September meeting, the Summary of Economic Projections (SEP) was updated: the most noteworthy change was that Fed officials increased the median projection for the federal-funds target rate at the end of 2024 from 4.6% to 5.1%, thereby signaling their expectation for a “higher for longer” interest-rate environment. The FOMC made no changes to its balance-sheet reduction plans ($95 billion per month); the balance sheet of the US Federal Reserve (the Fed) fell from $8.4 trillion to $8.1 trillion to close out the third quarter.

In late September, 30-year mortgage rates reached a milestone, surpassing 7.5% for the first time in 23 years; in just 33 months, these rates have risen an astonishing 180% and outpaced increases in ten-year Treasury yields. Mortgages, which typically trade to a spread on the ten-year Treasury, have outpaced these yields as the Fed continues to reduce its balance sheet and banks scale back as purchasers in response to rate-driven balance-sheet challenges. During this period, the monthly payment on a median-priced home has surged from $1,300 to $2,300, marking a significant 75% increase in the monthly cost for a homebuyer today compared to less than three years ago. Despite these costs, the National Association of Realtors reported the highest median sales price ever recorded for the month of August; 72% of all homes sold were sold within a month of being listed. Additionally, the number of active listings available for sale remains substantially lower than the levels seen in late 2019.

## EUROPE:

Economic growth in the Eurozone remained stagnant in the second quarter (+0.1% quarter over quarter according to data from Eurostat) as a decrease in exports weighed on GDP growth across the region. Among the larger economies, both France and Ireland proved relatively resilient, posting growth rates of 0.5% and 3.3%, respectively. Germany contracted as real wage losses and weak external demand dragged down growth. Forward-looking economic indicators point to a continued period of weakness for the region’s economics; the HCOB Final Composite PMI came in at 47.2, reflecting a downturn in both services and manufacturing. Despite a mixed picture for near-term growth, Eurozone unemployment declined to 6.4%, its lowest level ever, as employers continued to fill open positions.

Across the Eurozone, inflation continued to decline from its peak double-digit levels of one year ago. According to Eurostat, consumer prices increased by 4.3% in September, their slowest pace since October 2021 and down from a rate of 5.2% one month earlier. The drop in inflation was broad-based, with energy prices notably contracting on a year-over-year basis, while the price pressure across food and alcohol & tobacco remained elevated. German import prices posted a record decline of 16.4% year over year in August—their largest decline since 1986. Many economists view this as a positive sign, expecting these price declines to work their way through the economy as raw materials are used in production. The European Central Bank (ECB) raised its key interest rates twice, to a record high of 4%. At its September meeting, some council members signaled that this hike was potentially its last, as economic growth in the region faces a number of headwinds, including high borrowing costs and a slowdown in China. However, in her commentary, ECB President Christine Lagarde did not definitively rule out further rate hikes and emphasized it is still too early to claim that rates have peaked.

## CHINA:

According to data from China's National Bureau of Statistics, quarter-over-quarter GDP growth slowed from the start of the year to a pace of 0.8%, placing the Chinese government's 5% annual growth target at risk. This loss of post-COVID momentum was the result of several headwinds, including declining exports, youth unemployment, and a weak property market. In response, the National Development and Reform Commission (NDRC), China's state strategist, published a 31-point plan aimed at supporting the private sector and improving business sentiment. The document included policies allowing companies to raise capital and expand operations more easily, while being treated as equals with state-owned enterprises (SOEs). Although these plans are still being implemented, the changing tone of Chinese authorities toward private enterprise did seem to have some effect on sentiment; late-quarter manufacturing PMIs turned positive as China's factory activity expanded for the first time in six months.

China's property-market issues continued during the quarter; major developers including Evergrande and Country Garden faced solvency issues. Demand remains mute, as Chinese home buyers have taken a 'wait and see' approach to the uncertainty, waiting for prices to decline, additional government subsidies, and more certainty around the viability of developers before entering the market. To revive the housing market, authorities announced targeted measures to boost demand, including reduced down payments and an easing of home-purchasing rules. The People's Bank of China (PBOC) also cut its medium-term lending facility rate by 15 basis points (to 2.5%), its largest reduction since 2020, and its one-year loan prime rate by 10 basis points (to 3.45%). However, these measures have yet to significantly impact buyer confidence and demand.

US/China relations took some small steps forward during the quarter, as a number of high-level meetings occurred between senior officials. Treasury Secretary Janet Yellen visited Beijing in July and met with Premier Li Quang to discuss US/China economic issues, national security, climate change, and global debt challenges. The net result of this meeting was the formation of several economic working groups to ensure structured channels exist for "frank and substantive" discussions on financial policy matters. However, the two countries continued to place incremental limits on cross-border business relationships; a new espionage law took effect in China making it more difficult for foreign investors to gather business intelligence, while President Biden issued an executive order restricting US investment in Chinese technology.

## JAPAN:

Japan's economy grew at an annualized growth rate of 4.8% in the second quarter; its third straight quarter of growth. A weak yen and a rebound in the auto industry from easing supply chain issues boosted export growth. This overcame weakness in capital expenditures and private consumption, both of which slightly contracted over the period as higher costs impacted spending. Japanese companies offered their largest pay hikes in three decades during this year's annual negotiations with workers; policymakers expect this to provide some relief for Japanese consumers. However, official data still showed that household spending was weak in the third quarter, declining in both July and August from a year earlier.

Japanese business sentiment improved during the quarter as measured by the "tankan" surveys of the Bank of Japan (BOJ). Survey results were especially strong among major non-manufactures, reaching a three-decade high; a return of foreign tourists and healthy domestic tourism positively impacted large companies in the accommodation and eating & drinking sectors. Pessimism earlier in the year among manufacturing sector participants gave way alongside an easing of supply chain issues, a weak yen, and a positive outlook for exports, which led to greater optimism from carmakers and food & beverage producers.

Data towards the end of the quarter showed consumer core inflation trending downward from the start of the year while remaining above the BOJ's targets. Energy and fuel prices have stabilized, but food and services costs remain elevated, putting some pressure on policymakers. However, the BOJ maintained its dovish stance; at its last meeting, the bank left its low-interest polices in place. In his statement about the decision, Governor Kazuo Ueda stressed a need to spend more time assessing the data.

## COMMODITIES:

The S&P Goldman Sachs Commodity Index (SPGSCI) ended the quarter with a total return of 15.98%, driven mainly by higher energy prices following Saudia Arabia and Russia cutting oil production as global demand continued. Agriculture (S&P GSCI Agriculture; SPGSAG) ended the quarter down (4.35%), with weaker prices for soybean, wheat, and corn offsetting considerable price gains for sugar and cotton. Precious metals (S&P GSCI Precious Metals; SPGSPM) also detracted (3.76%) during the quarter, as gold and silver both fell as real rates continued to rise. Both of these constituents were the largest detractors to performance in Q3 2023. The industrial metals segment achieved a modest gain of 3.51% (S&P GSCI Industrial Metals; SPGSIM) during the quarter, as prices for aluminum, lead, and zinc offset weaker prices for nickel and copper. Energy at 28.79% (S&P GSCI Energy; SPGSEN) outperformed all other SPGSCI sub-index constituents; natural gas was the only energy segment to record a price fall during the period.

The premier digital token, Bitcoin, was down (11.5%) in Q3 2023, while the second-most-popular digital token, Ethereum (ETH), was also down (13.6%); this puts Bitcoin up 63% year to date, remaining among the best-performing assets in 2023. A key driver of price movements during the period was news related to US regulation, with SEC actions featuring distinctly. September marked the one-year anniversary of ETH's successful transition to a 'proof-of-stake' consensus mechanism for processing transactions across a blockchain.

# ECONOMIC INDICATORS:

## UNEMPLOYMENT

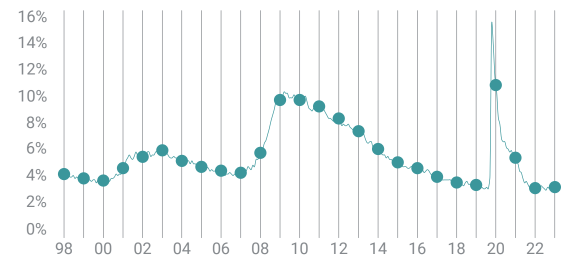
A total of 710,000 jobs were created in the third quarter of 2023, which did not outpace the previous quarter's gains of 801,000. The US economy added 336,000 jobs in September, which is above the twelve-month average monthly gain of 267,000. September's notable job gains occurred within the following industries: leisure and hospitality (+96,000), government (+73,000), healthcare (+41,000), professional, scientific, and technical services (+29,000), and social assistance (+25,000).

The unemployment rate remains largely unchanged; the rate increased by 0.1% from the previous quarter's average to an average of 3.7% during the third quarter of 2023. The number of unemployed persons (6.4 million) experienced minimal net movement as well. The labor-force participation rate remained unchanged in March at 62.8%, increasing by 0.2% over the most recent quarter.

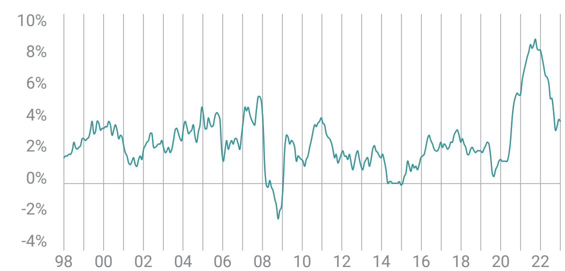
## CPI

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4% in September, following a 0.6% increase from August. The all-items index rose 3.7% before seasonal adjustment over the previous twelve months. A significant contributor was the index for shelter (+0.6%), which accounted for more than half the increase. The gasoline index was an additional major contributor, increasing 3.0% over the last twelve months. The food index increased 0.2% each month in Q3, while the index for food away from home (+0.4%) outpaced the index for food at home (+0.1%) in September.

### UNEMPLOYMENT RATE
**25 YEARS THROUGH SEPTEMBER 2023**



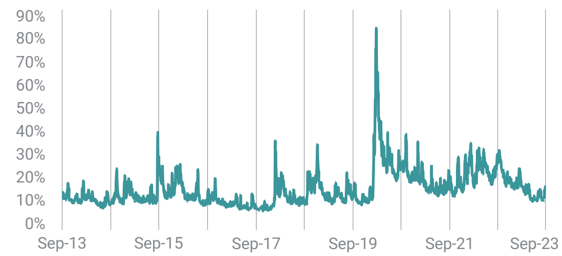

### ROLLING 12 MONTH CONSUMER PRICE INDEX
**25 YEARS THROUGH SEPTEMBER 2023**



## VIX

Market volatility, as measured by the VIX Index, had an average close in Q3 2023 at 15.01, trending down from 2023's previous quarters: 20.68 in Q1 and 16.48 in Q2. The index has dropped below its five-year average of 20.00, reflecting the continuation of a protective investing environment. Investors are looking towards alternative investments as pressure from factors related to economic development (i.e., interest rates and inflation) continue.

### CBOE VIX DAILY CLOSING VALUES
LAST 10 YEARS




## GDP

During Q2 2023, real GDP rose at an annual rate of 2.1%, following a 2.2% increase in Q1. The increase was driven by state and local government spending, non-residential fixed investment, and consumer spending, partially offset by a decrease in exports; imports also decreased. Relative to Q1, the second quarter experienced a slowdown in consumer and federal government spending alongside the decline in exports, which drove the Q2 deceleration of real GDP.

### REAL GROSS DOMESTIC PRODUCT
25 YEARS THROUGH 2Q2023

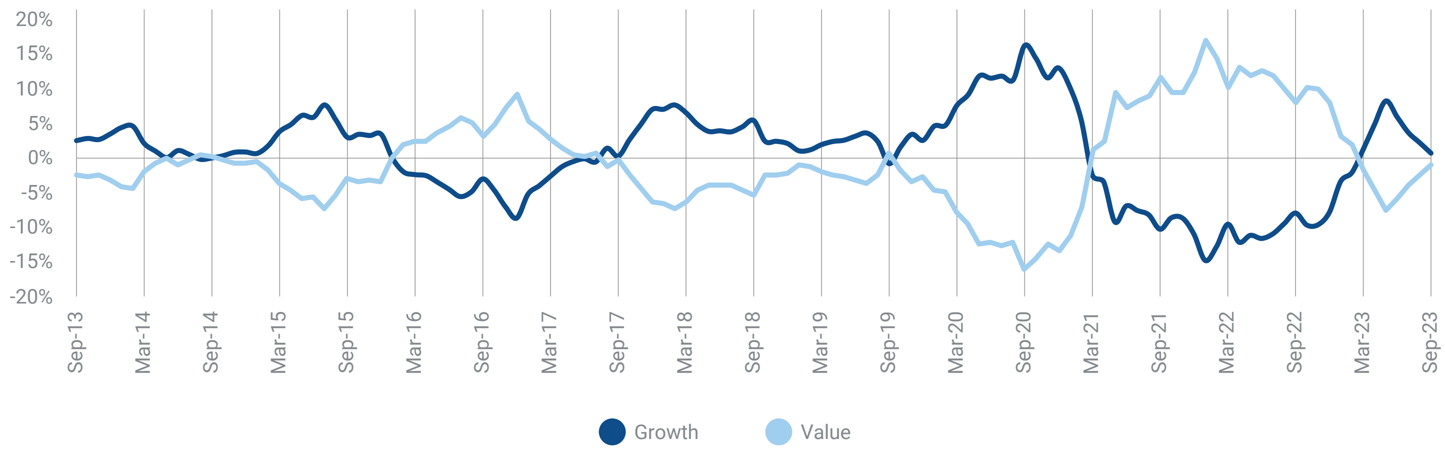

## RETAIL SALES

Total retail and food sales increased from the previous month (+0.6%) in August 2023, up 2.5% compared to August 2022. The total sales spanning from June 2023 through August 2023 were up 2.2% compared to the same period one year ago; the percentage change over the same period was +0.5%. Significant contributors included food services and drinking places, non-store retailers, and health/personal care stores.

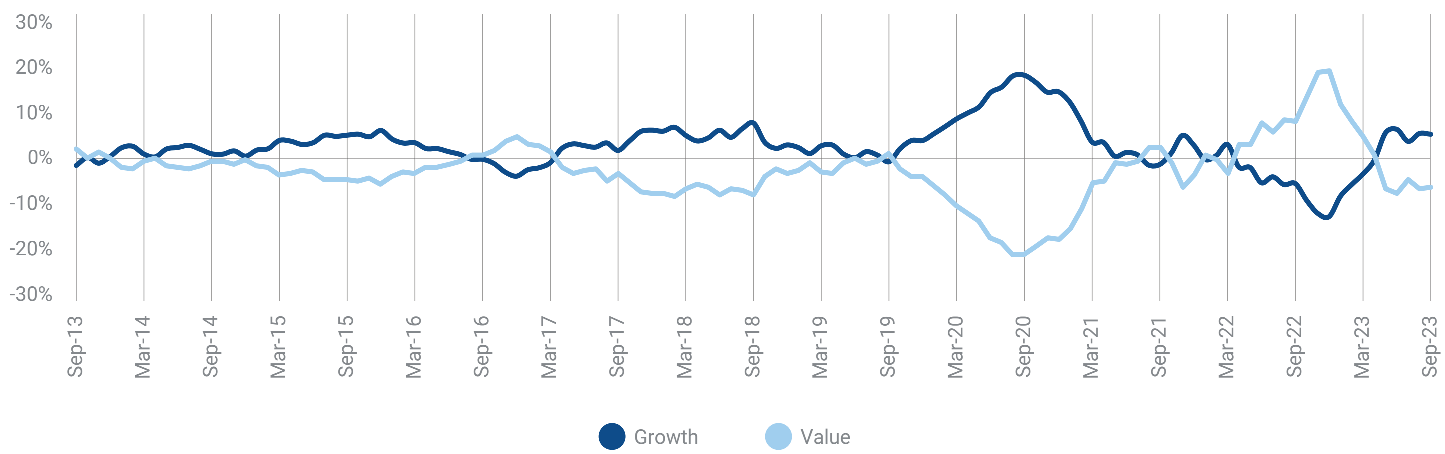
## RETURNS BY STYLE

| | Q3 2023 | YTD | | Q3 2023 | YTD |
|---|---|---|---|---|---|
| Large Cap Value | -2.4% | 2.4% | Large Cap Growth | -2.8% | 28.5% |
| Mid Cap Value | -4.5% | 0.5% | Mid Cap Growth | -5.2% | 9.9% |
| Small Cap Value | -3.0% | -0.5% | Small Cap Growth | -7.3% | 5.2% |

## SMALL CAP VALUE VS. GROWTH
## ROLLING 1 YEAR PERFORMANCE VS. RUSSELL 2000
### 9/30/2013 TO 9/30/2023




## LARGE CAP VALUE VS. GROWTH
## ROLLING 1 YEAR PERFORMANCE VS. RUSSELL TOP 2000
### 9/30/2013 TO 9/30/2023



## SECTOR RETURNS BY CAPITALIZATION

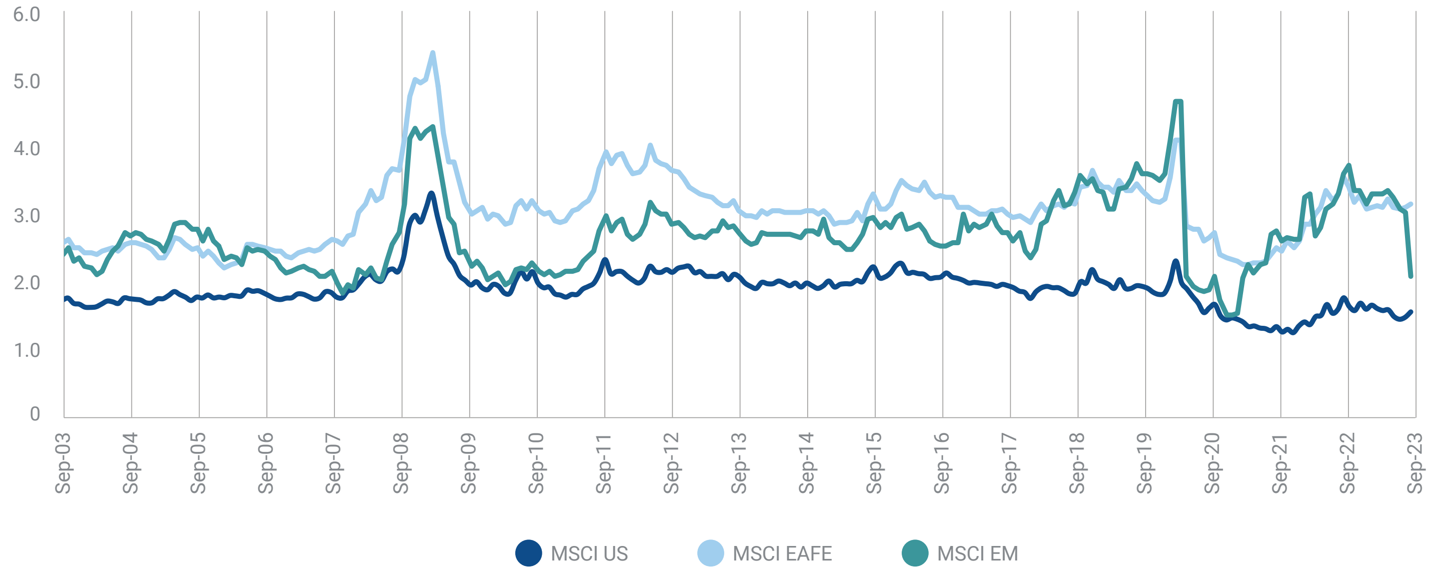
| | U.S. Large Cap | | U.S. Mid Cap | | U.S. Small Cap | |
|---|---|---|---|---|---|---|
| | Q32023 | YTD | Q32023 | YTD | Q32023 | YTD |
| Basic Materials | -4.4 | 5.8 | -4.6 | -0.1 | -6.5 | 1.5 |
| Consumer Goods | -5.4 | -6.6 | -7.8 | -3.9 | -3.4 | 0.5 |
| Consumer Services | -4.0 | 26.3 | -9.0 | 7.8 | -6.0 | 9.1 |
| Financials | -0.1 | 1.8 | 2.6 | -1.7 | 0.9 | -9.1 |
| Health Care | -0.8 | -2.6 | -11.6 | -7.3 | -14.9 | -7.0 |
| Industrials | -4.6 | 2.5 | -4.3 | 11.5 | -4.2 | 13.5 |
| Oil & Gas | 12.2 | 5.6 | 9.5 | 1.6 | 15.5 | 15.2 |
| Real Estate | -10.9 | -7.7 | -7.9 | -4.4 | -5.5 | -2.5 |
| Technology | -3.6 | 46.6 | -2.8 | 21.7 | -8.5 | 12.2 |
| Telecommunications | 1.3 | 6.2 | -6.7 | 0.4 | -14.1 | -8.7 |
| Utilities | -11.5 | -16.6 | -7.3 | -9.6 | -12.9 | -13.4 |

Source: Russell Investments & Industry Classification Benchmark

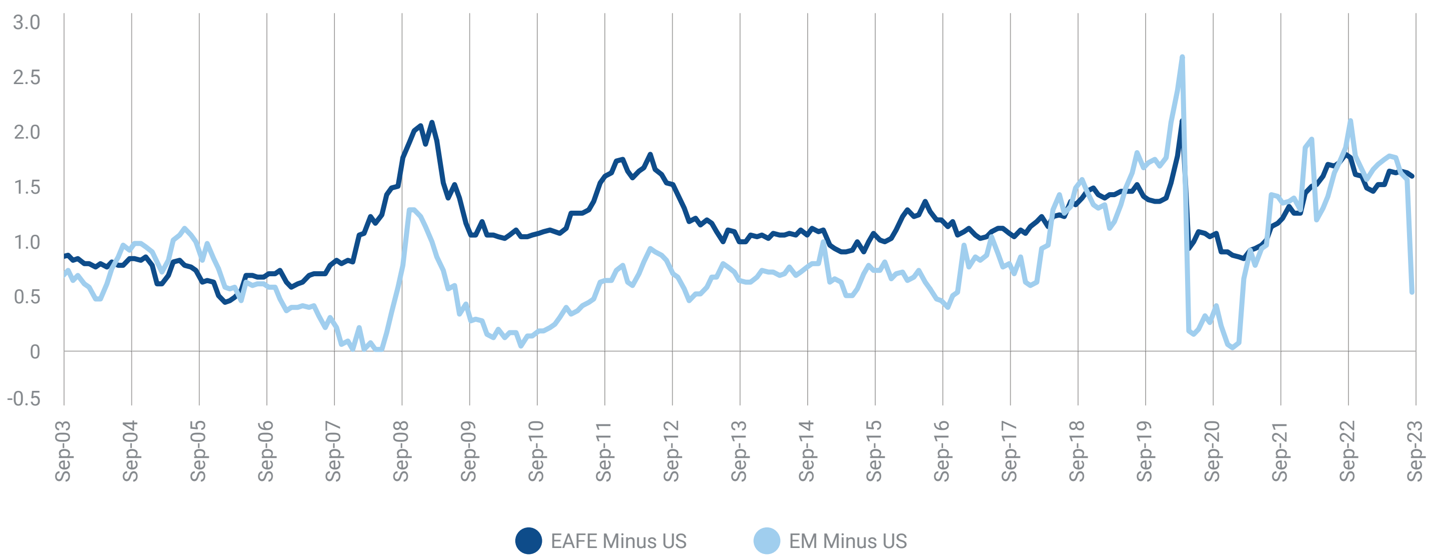
*Large Cap: Russell Top 200 Index Mid Cap: Russell Mid Cap Index Small Cap: Russell 2000 Index

## GLOBAL EQUITY RATIOS

### DIVIDEND YIELDS

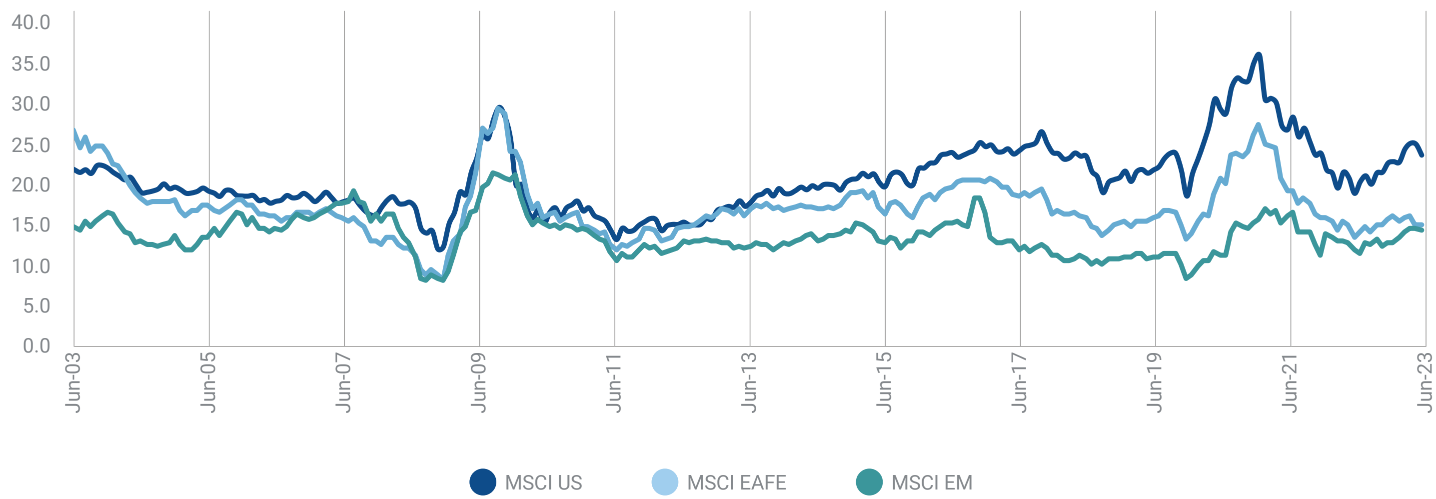



### DIVIDEND YIELD DIFFERENTIALS

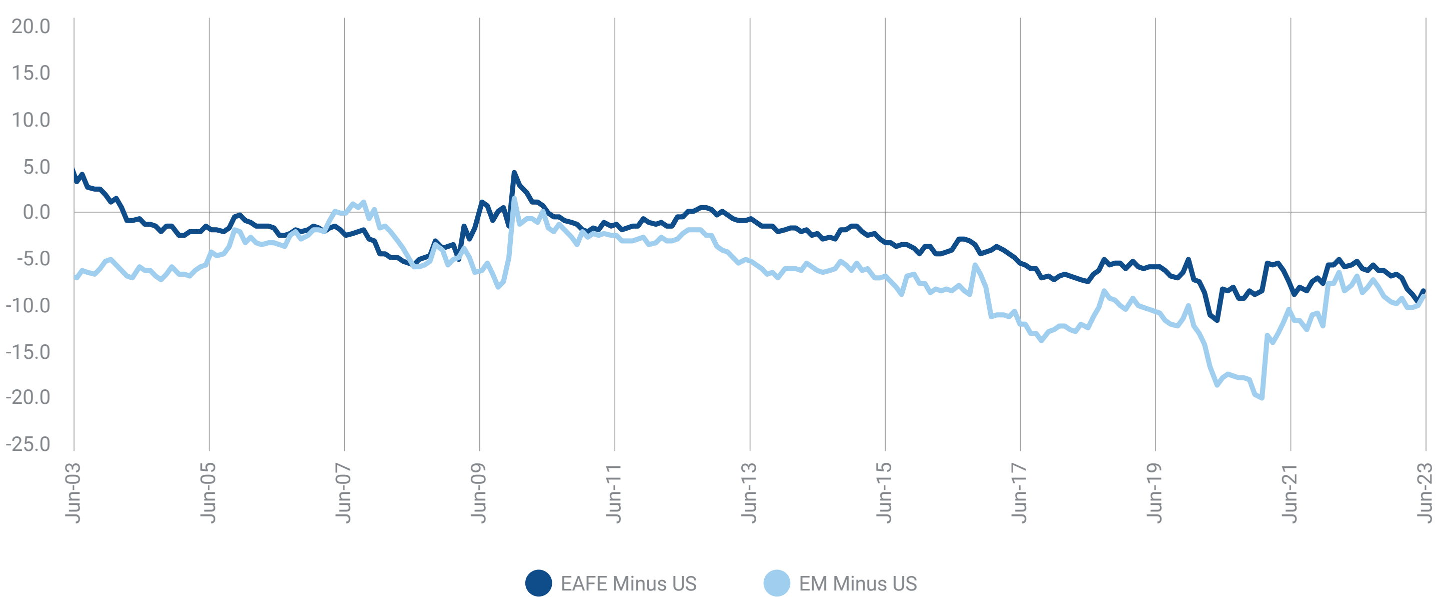


## GLOBAL EQUITY RATIOS

### PRICE/EARNINGS RATIOS




### PRICE/EARNINGS RATIO DIFFERENTIALS

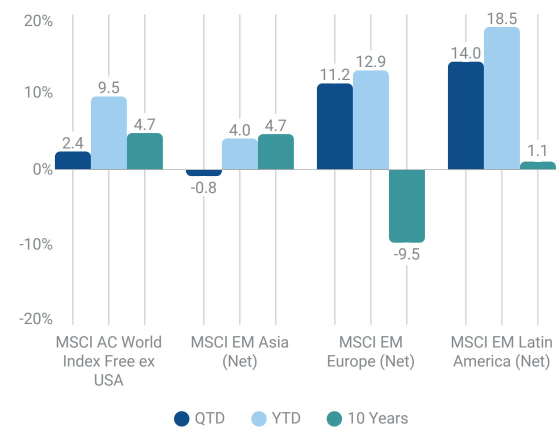


## GLOBAL EQUITY PERFORMANCE:

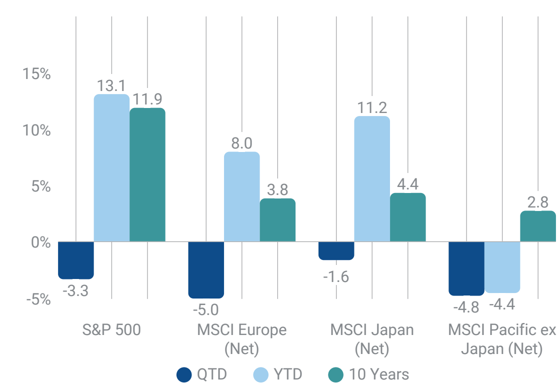
Global equity markets declined, with the S&P 500, MSCI EAFE, and MSCI Emerging indices returning -3.3%, -4.1%, and -2.9%, respectively. Investors entered the quarter optimistic that the era of policy tightening would soon end; however, their enthusiasm waned as the prospect of a sustained period of higher rates settled in.

The MSCI All Country World Index (ACWI) finished the quarter down 3.8% as US and international developed markets declined. Higher rates, increasing oil prices, and a rising dollar heightened worries of economic fragility. Compared to other developed markets, Japanese equities demonstrated resilience, as value stocks experienced solid gains. Norway (+11.6%) was a notable outlier, as it benefited from relatively high exposure to energy producers. China continued to lag; persistent problems in the property sector and a fading post-COVID reopening boom weighed on investor sentiment. India and UAE were the best-performing EM index markets. India has seen record inflows of capital through 2023; it has benefited from investors' geopolitical concerns around investing in China, while India's high growth rate has placed it among the fastest-growing economies in the world.

### GLOBAL EQUITY MARKET PERFORMANCE




### DEVELOPED EQUITY MARKET PERFORMANCE



## US VALUATIONS:

Price multiples compressed across the domestic equity market in Q3. Growth equities experienced the sharpest decline in sentiment, as large-, mid-, and small-cap equities each experienced a double-digit percentage decrease in forward P/E. Valuation multiples for value-style equities also fell across the cap spectrum, albeit at a more muted rate. On a normalized basis, the S&P 500 Index remains expensively priced, trading at a cyclically adjusted P/E (CAPE) nearly two standard deviations above its long-term average.

US equities are expected to report a year-over-year earnings increase of 0.4%, which would mark the first quarter of positive earnings growth since Q3 2022. Overall, eight of the eleven sectors are projected to increase earnings, led by communication services (+31%), consumer discretionary (+22%), financials (+13%), and utilities (+12%); tech, industrials, real estate, and consumer staples are expected to grow 1-5% each. Conversely, energy (-38%), materials (-23%), and healthcare (-12%) are expected to post declines. Looking ahead, analysts' estimates currently predict earnings growth of 7.6% for Q4 2023 and 12.2% for CY 2024.

## INTERNATIONAL VALUATIONS:

Multiples contracted during the quarter for non-US developed growth-style equities and remained flat across value stocks. On both an absolute and relative basis, international equities continue to trade at a discount relative to historical averages (as compared to US equities). Emerging-market valuations also trended lower in Q3, although they remain cheap on both an absolute and relative basis.

Europe is expected to increase earnings by 1% in 2023 and 6% in 2024, while Japan is expected to deliver 6% and 7% increases, respectively. The broader emerging markets are expected to see earnings contract by 12% in 2023 before growing by 19% in 2024.

**ON A NORMALIZED BASIS, THE S&P 500 INDEX REMAINS EXPENSIVELY PRICED, TRADING AT A CYCLICALLY ADJUSTED P/E NEARLY TWO STANDARD DEVIATIONS ABOVE ITS LONG-TERM AVERAGE.**

## US VALUATIONS

| US Large Cap Equity | Quarter Ending 09/30/2023 | | Quarter Ending 06/30/2023 | |
|---|---|---|---|---|
| | Value | Growth | Value | Growth |
| Price/Earnings Ratio | 18.3 | 34.4 | 19.3 | 38.8 |
| IBES LT Growth (%) | 6.8 | 13.7 | 6.5 | 13.1 |
| 1 Year Forward P/E Ratio | 14.0 | 24.3 | 15.0 | 27.3 |
| Negative Earnings (%) | 7.3 | 4.1 | 10.7 | 4.0 |

| US Mid Cap Equity | Quarter Ending 09/30/2023 | | Quarter Ending 06/30/2023 | |
|---|---|---|---|---|
| | Value | Growth | Value | Growth |
| Price/Earnings Ratio | 20.7 | 40.1 | 20.6 | 48.8 |
| IBES LT Growth (%) | 8.5 | 16.7 | 8.2 | 16.5 |
| 1 Year Forward P/E Ratio | 13.7 | 21.6 | 15.0 | 23.9 |
| Negative Earnings (%) | 11.3 | 19.0 | 13.6 | 21.0 |

| US Small Cap Equity | Quarter Ending 09/30/2023 | | Quarter Ending 06/30/2023 | |
|---|---|---|---|---|
| | Value | Growth | Value | Growth |
| Price/Earnings Ratio | 18.1 | 15.0 | 19.5 | 158.7 |
| IBES LT Growth (%) | 8.6 | 15.1 | 8.6 | 14.7 |
| 1 Year Forward P/E Ratio | 10.4 | 16.6 | 11.2 | 19.2 |
| Negative Earnings (%) | 23.6 | 30.7 | 25.0 | 35.3 |

## INTERNATIONAL VALUATIONS

| International Equity | Quarter Ending 09/30/2023 | | Quarter Ending 06/30/2023 | |
|---|---|---|---|---|
| | Value | Growth | Value | Growth |
| Price/Earnings Ratio | 10.6 | 22.4 | 10.1 | 29.1 |
| IBES LT Growth (%) | 5.6 | 12.9 | 4.7 | 13.1 |
| 1 Year Forward P/E Ratio | 9.6 | 19.4 | 9.6 | 21.5 |
| Negative Earnings (%) | 4.7 | 3.2 | 4.1 | 4.2 |

| Emerging Markets Equity | Quarter Ending 09/30/2023 | Quarter Ending 06/30/2023 |
|---|---|---|
| | Value | Value |
| Price/Earnings Ratio | 15.0 | 21.6 |
| IBES LT Growth (%) | 11.4 | 9.4 |
| 1 Year Forward P/E Ratio | 12.8 | 17.9 |
| Negative Earning (%) | 5.0 | 6.3 |

Source: Russell Investments Total Equity Profile

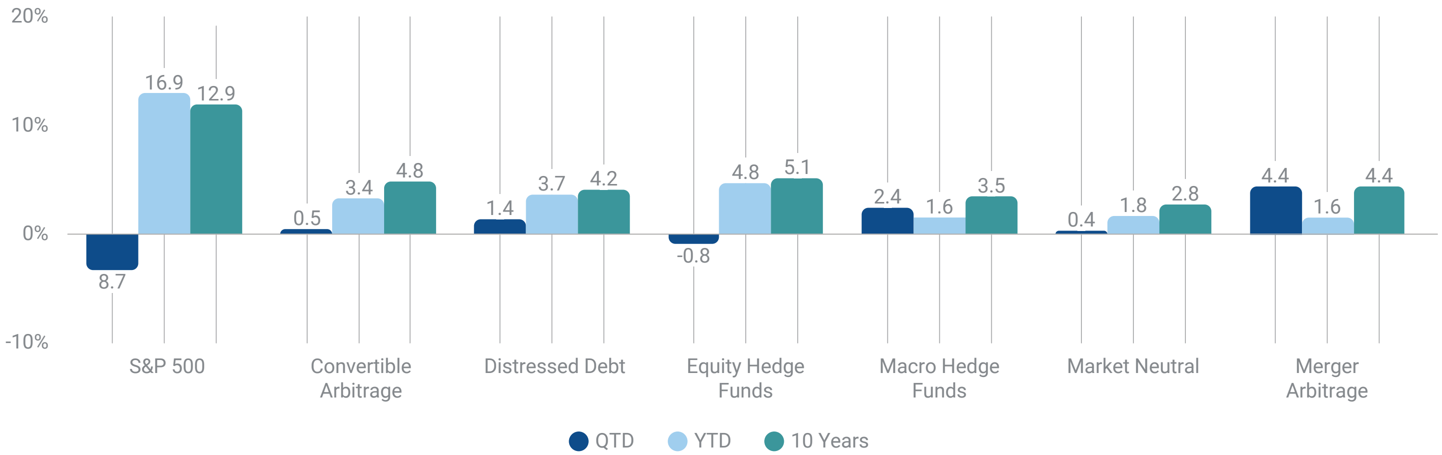
## NON-US DEVELOPED/EMERGING CAP & STYLE: MSCI AC WORLD EX - US INDICES (SOURCE: MSCI - DATA SOURCED 'AS IS')

| | Q3 2023 | YTD | | Q3 2023 | YTD |
|---|---|---|---|---|---|
| Large Cap Value | -0.1% | 8.6% | Large Cap Growth | -7.9% | 2.1% |
| Mid Cap Value | 0.1% | 6.6% | Mid Cap Growth | -4.5% | 4.7% |
| Small Cap Value | 0.3% | 6.5% | Small Cap Growth | -3.7% | 3.6% |

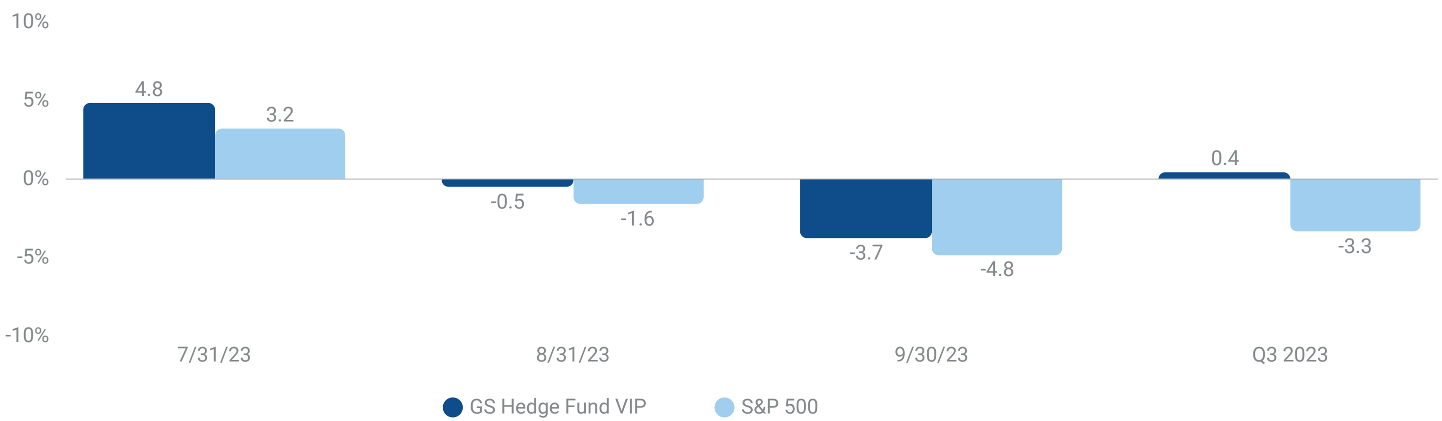
| Country | Best Performing Style |
|---|---|
| Australia | Value |
| Brazil | Value |
| Canada | Value |
| China | Value |
| France | Value |
| Germany | Value |
| Hong Kong | Value |
| Indonesia | Value |
| Italy | Value |
| Japan | Value |
| Mexico | Value |
| Singapore | Value |
| Spain | Value |
| Thailand | Value |
| United Kingdom | Value |

## HEDGE FUND PERFORMANCE

### HFR HEDGE FUND STRATEGY RETURNS

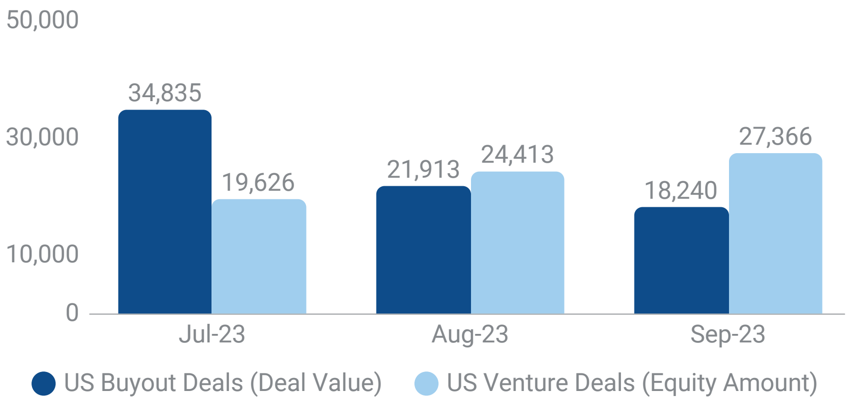



### GS HEDGE FUND VIP INDEX
#### (THE 50 STOCKS MOST WIDELY HELD BY HEDGE FUNDS)

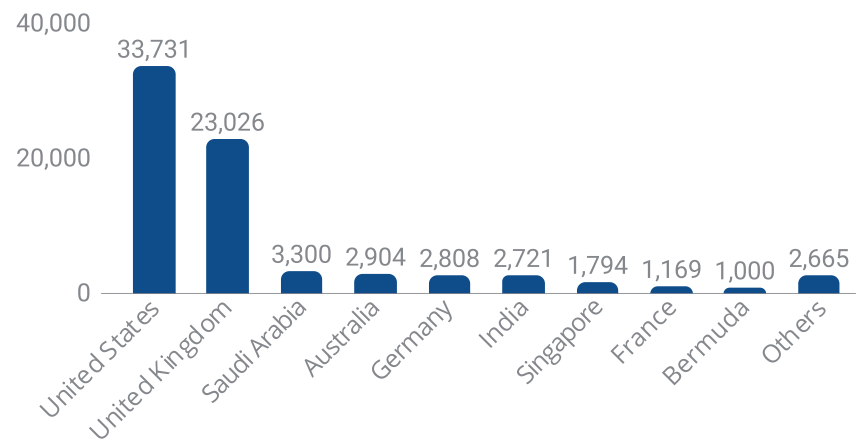


## PRIVATE EQUITY PERFORMANCE

### Q3 2023 PRIVATE EQUITY DEALS
(USD MIL)




### Q3 2023 PE DEALS BY VALUE
(USD MIL)
SNAPSHOT AS OF 10/05/2023

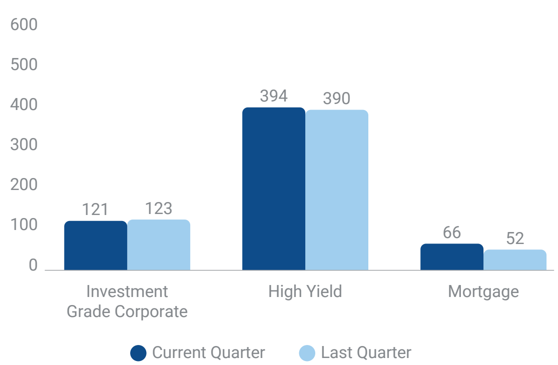


## US SPREAD PRODUCTS:

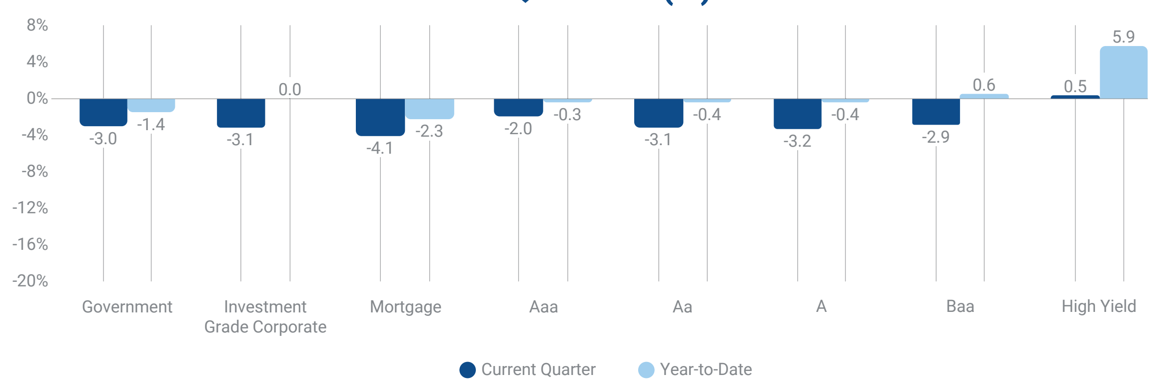
The investment-grade corporate bond market returned -3.1% for the quarter; the return drivers were rates (-), spreads (+), and coupons (+). The rising interest-rate environment and steeper Treasury curve were the primary drivers of this market's negative return; the duration for this market is approximately 6.8 years. This market's option-adjusted spread (OAS) tightened by 2 bps to end the quarter at 121 bps, which equals the ten-year median spread. Performance by credit-quality was mixed: Aa-rated corporates, -3.1%; A-rated corporates, -3.2%; and Baa-rated corporates, -2.9%. This market's issuance totaled approximately $291 billion for the quarter, an increase of approximately 5% from the corresponding period in 2022.

The high-yield corporate-bond market returned 50 bps for the quarter; the return drivers were rates (-), spreads (-), and coupons (+). The rising interest-rate environment meaningfully detracted from the return. This market's OAS widened by 4 bps to end the quarter at 394 bps, which equals the ten-year median spread. A steeper Treasury curve alongside a modest increase in credit spreads helped lower-quality credits outperform—in general, lower-quality credits have relatively shorter-maturity debt: Caa-rated corporates, 2.5%; B-rated corporates, 80 bps; and Ba-rated corporates, -40 bps. This market's issuance totaled approximately $40 billion for the quarter, an increase of approximately 90% from the corresponding period in 2022.

### YIELD SPREADS
(BASIS POINTS)




### RETURNS BY SECTOR AND QUALITY (%)



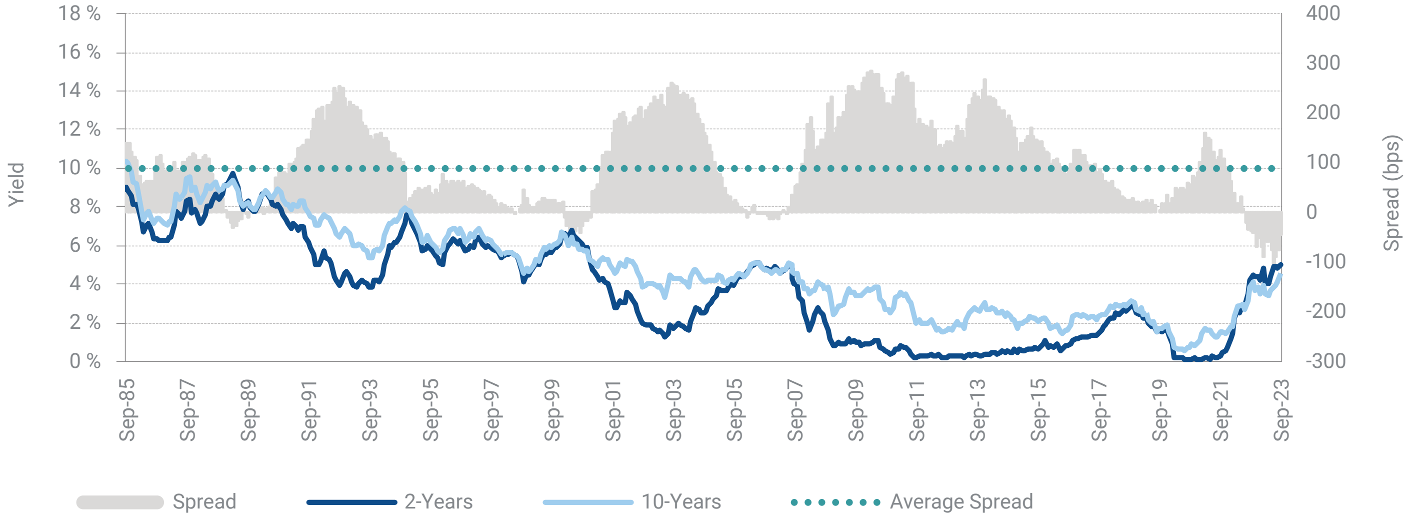
## YIELD CURVE:

The US Treasury yield curve shifted higher and steepened meaningfully during the quarter, but remained in inversion; solid nominal economic growth, elevated inflation, a tight labor market, a credit downgrade, and an unexpected increase in Treasury issuance caused investors to reevaluate their assumptions regarding the economy's ability to withstand higher borrowing costs and the rates at which they lend to the government. Notably, yields increased on the ten-year note (+78 bps to 4.59%) and 30-year bond (+88 bps to 4.73%). The two- to ten-year spread increased sharply by 62 bps (to -44 bps); despite the increase, the spread is still 1.4 standard deviations below its historical mean (92 bps).

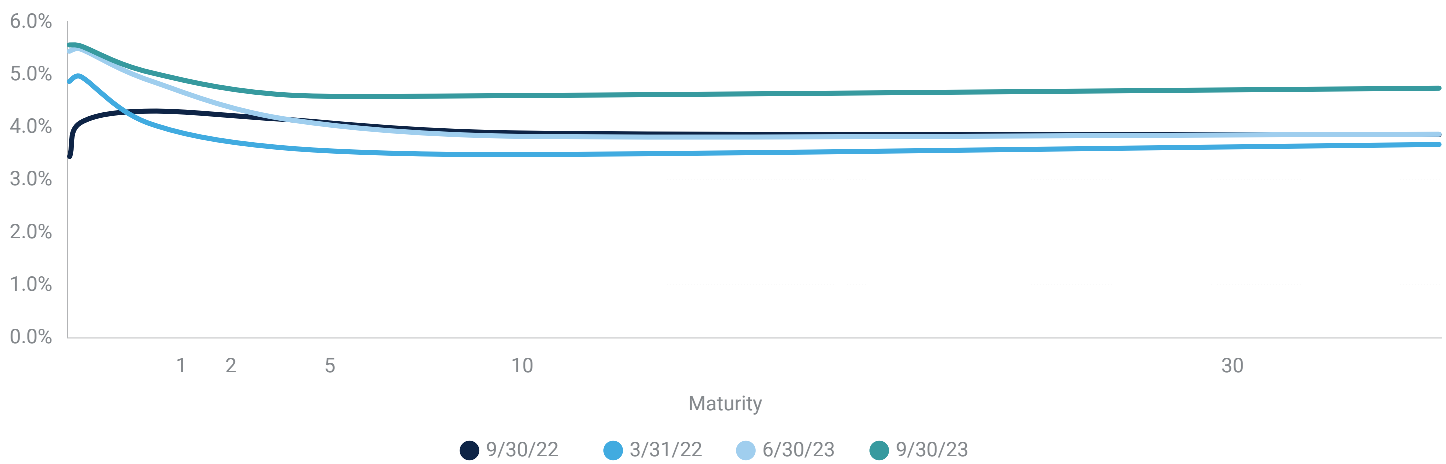
At the end of the quarter, the federal-funds futures market predicted a target rate of 5.4% by the end of 2023 and 4.7% by the end of 2024, approximately 20 bps and 40 bps, respectively, below the figures expected by Fed officials.

> **"INVESTORS REEVALUATED THEIR ASSUMPTIONS REGARDING THE ECONOMY'S ABILITY TO WITHSTAND HIGHER BORROWING COSTS."**

## 2 YEAR VS. 10 YEAR TREASURY YIELDS




## TREASURY YIELD CURVE



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