

Rising bond yields and uncertainty over whether this was the close of the Fed's rate-hike cycle dragged markets lower last week despite solid corporate earnings results.


The Dow Jones Industrial Average sank 1.61%, while the Standard & Poor's 500 fell 2.39%. The Nasdaq Composite index, which has led for much of the year, slumped 3.16%. The MSCI EAFE index, which tracks developed overseas stock markets, retreated 1.67%.<sup>1,2,3</sup>

## MARKET INSIGHTS



Market Index	Close	Week	Y-T-D
DJIA	33,127.28	-1.61%	-0.06%
NASDAQ	12,983.81	-3.16%	+24.05%
MSCI-EAFE	1,978.98	-1.67%	+1.80%
S&P 500	4,224.16	-2.39%	+10.02%



Treasury	Close	Week	Y-T-D
 10-Year Note	4.93%	+0.30%	+1.05%

Sources: The Wall Street Journal, October 20, 2023; Treasury.gov, October 20, 2023  
Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ Composite Index is measured from the close of trading on Friday, October 13, to Friday, October 20 close. Weekly performance for the MSCI-EAFE is measured from Friday, October 13 open to Thursday, October 19 close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

### Rising Yields Sink Stocks

Stocks rallied to start the week on earnings optimism before losing momentum over rising bond yields. Yields rose after traders speculated that strong economic data might persuade the Fed to raise rates. By mid-week, stocks turned lower as the 10-year Treasury yield moved above 4.9% for the first time since 2007, while mortgage rates hit 8%—the highest level since mid-2000.<sup>4</sup>

Stocks were under pressure Thursday as the 10-year Treasury yield moved closer to 5% and in response to comments from Fed Chair Powell that inflation remained too high. With the 10-year Treasury yield crossing above the 5% mark on Friday—and ahead of a weekend of uncertainty in the Middle East—stocks weakened further, ending a down week on a sour note.

### Economic Strength, Housing Weakness

The economy continued to evidence surprising strength according to data released last week. Despite worries of a struggling consumer, consumers increased their spending as retail sales rose 0.7% in September—well above the forecast of a 0.3% rise, while industrial output jumped 0.3%, exceeding the forecast of a 0.1% gain.<sup>5</sup>

There were also updates on the state of housing. Housing starts rebounded 7.0% from August, though permits (an indicator of future housing starts) declined 4.4% month-over-month. Existing home sales were weak, falling 2.0% from August and 15.4% from a year ago. Existing home sales are on track to record their slowest year since 2011.<sup>6,7</sup>

### This Week: Key Economic Data

- Tuesday:** Purchasing Managers' Index (PMI).
- Wednesday:** New Home Sales.
- Thursday:** Gross Domestic Product (GDP). Durable Goods Orders. Jobless Claims.
- Friday:** Personal Income and Outlays. Consumer Sentiment.

Source: Econoday, October 20, 2023  
The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

### This Week: Companies Reporting Earnings

**Tuesday:** Microsoft Corporation (MSFT), General Electric Company (GE), Verizon Communications, Inc. (VZ), Alphabet, Inc. (GOOGL), General Motors Company (GM), The Coca-Cola Company (KO), 3M Company (MMM), Texas Instruments, Inc. (TXN), HCA Healthcare, Inc. (HCA), NextEra Energy, Inc. (NEE), Kimberly-Clark Corporation (KMB), The Sherwin-Williams Company (SHW), DanaHER Corporation (DHR), PulteGroup, Inc. (PHM)

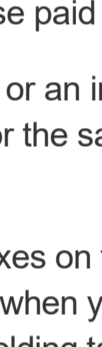
**Wednesday:** The Boeing Company (BA), International Business Machines Corporation (IBM), ServiceNow, Inc. (NOW), Thermo Fisher Scientific, Inc. (TMO), General Dynamics Corporation (GD), O'Reilly Automotive, Inc. (ORLY), T-Mobile US, Inc. (TMUS)

**Thursday:** Amazon.com, Inc. (AMZN), Intel Corporation (INTC), Ford Motor Company (F), Mastercard, Inc. (MA), Merck & Co., Inc. (MRK), Northrop Grumman Corporation (NOC), United Parcel Service, Inc. (UPS), Comcast Corporation (CMCSA), Honeywell International, Inc. (HON)

**Friday:** AbbVie, Inc. (ABBV), Exxon Mobil Corporation (XOM), Chevron Corporation (CVX), Colgate-Palmolive Company (CL)

Source: Zacks, October 20, 2023  
Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

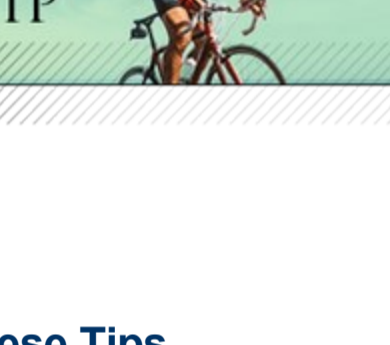
## FOOD FOR THOUGHT



*"Each day will be triumphant only when your smiles bring forth smiles from others."*

— **og Mandino**

## TAX TIP



### Gig Economy Tax Tips

There are some essential tips to remember if you work as a gig worker: All income is taxable, regardless of whether you receive information returns, including full-time and part-time work and those paid in cash.

As a gig worker, your classification is as an employee or an independent contractor; this can depend on where you live, even for the same services.

Lastly, it's important to remember to pay the correct taxes on this income throughout the year to manage owing additional taxes when you file. Because gig employees don't have an employer withholding taxes from their paychecks, they can either submit a new W-4 and have their employer withhold more from their pay (if they have another job as an employee) or make quarterly estimated tax payments throughout the year.

*\*This information is not intended to substitute for specific individualized tax advice. We suggest you discuss your specific tax issues with a qualified tax professional.*

Tip adapted from IRS.gov<sup>8</sup>

## HEALTHY LIVING TIP



### Boost Your Productivity With These Tips

Take regular breaks. It seems counterintuitive, but most people are more productive when they take frequent breaks.

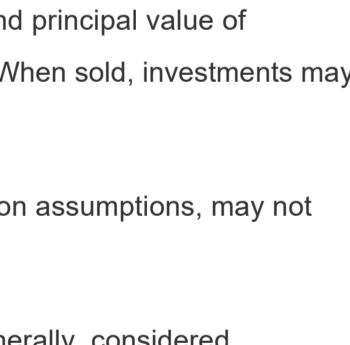
Do the challenging tasks first. Mark Twain famously said to "eat the frog first thing in the morning," meaning you should tackle your most difficult task immediately.

Make two to-do lists: one with your weekly goals and objectives and one with your daily tasks.

Divide large projects into manageable steps. Make the things on your to-do list specific so you can continue to cross things out and make progress.

Tip adapted from Formstack<sup>9</sup>

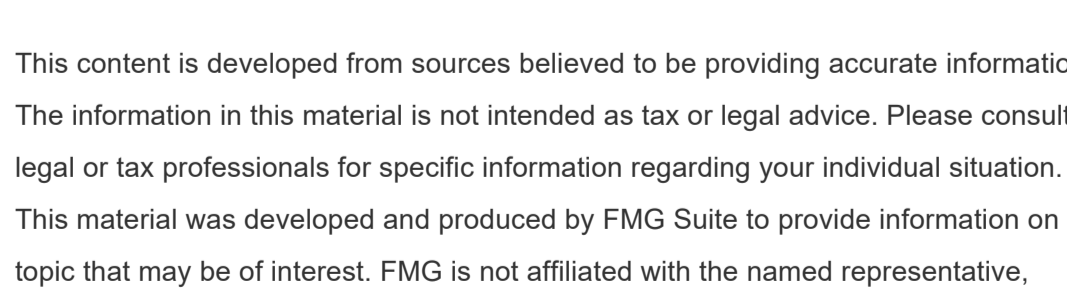
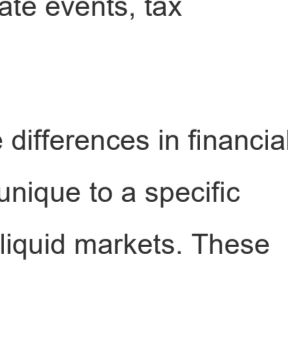
## WEEKLY RIDDLE



How many cubic yards of dirt are in a hole 9' deep, 8' long, and 1' wide?

*Last week's riddle: I'm usually made by someone who does not want me. I'm usually bought by someone who does not need me. I'm usually used by someone who never sees me. What am I? Answer: A casket.*

## PHOTO OF THE WEEK



*Fishing Boats at La Gan Beach, Vietnam*

### Footnotes and Sources

- The Wall Street Journal, October 20, 2023
- The Wall Street Journal, October 20, 2023
- The Wall Street Journal, October 20, 2023
- CNBC, October 17, 2023
- CNBC, October 17, 2023
- CNN, October 18, 2023
- The Wall Street Journal, October 19, 2023
- IRS.gov, January 31, 2023
- Formstack, July 19, 2023

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The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

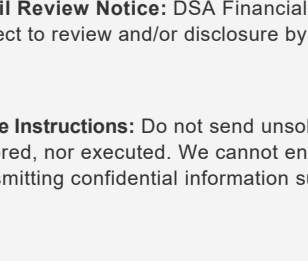
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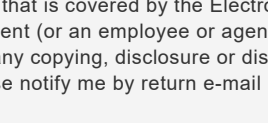
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