*PlanWiser Financial*
*201 E Las Animas St., Suite 101*
*Colorado Springs, CO 80903*

*719-822-0808*
*info@planwiser.com*
*www.planwiser.com*

# Monthly Market Commentary: October 2023

September proved challenging for global stocks and bonds, marking the worst month for stocks in a year, with the S&P 500 down by 5%, and the weakest performance for bonds since February. This was spurred by news that the Federal Reserve plans to keep monetary conditions tight for an extended period[1]. In the first week of October, yields on 30-year US Treasuries reached 4.97%, the highest since 2010, while 10-year Treasuries hit 4.80%, the highest since 2007[x].

Unfortunately, inflation in September did not provide much relief. The Consumer Price Index (CPI) showed prices rose 0.4% in September, primarily due to energy costs[2]. Core inflation, which excludes food and energy, increased by 0.3%[2]. While annual headline inflation stayed at 3.7%, core inflation increased to 4.1%, compared to 4.3% in August[2]. Shelter costs, comprising roughly a third of the total CPI, were responsible for over half of the monthly rise, spurred by a surge in hotel stay rates[2]. For core inflation to decrease, consistent moderation in the housing sector is crucial[3]. Prices paid by businesses rose by 0.5% in September due to increased energy and food costs, making it the third consecutive rise[4]. Rising oil prices are causing concerns about inflation impacting both the consumer as well as business costs, especially with the ongoing conflict in Israel potentially maintaining high prices[5].

The labor market continued to outpace expectations, with September's nonfarm payrolls surging by 336K, exceeding estimates by over 90%[6]. This was further bolstered by revisions adding 119K jobs for July and August[6]. However, the household employment survey painted a weaker picture, with an increase of only 86K, versus 222K in August[6]. Average hourly earnings also showed a subdued growth of 0.2% in September[6]. The unemployment rate held firm at 3.8%; if it rises to 4.0% in upcoming months, it could indicate the onset of a recession based on the Sahm Rule, a heuristic used to determine when the economy has entered a recession based on unemployment data[7]. The report also warned of financial tightening and predicted a weaker October payroll report[6].

The bottom line: The global economic landscape seems to be teetering on the precipice of a slowdown. Central banks have continued to emphasize the need to maintain elevated interest rates, and given the consistent inflation and labor market data, the likelihood of another Fed rate hike by year's end has risen[8]. Rising oil prices may impede the progress made in reducing inflation this year, but U.S. Treasury Secretary Janet Yellen reiterated her belief that the economy is likely to experience a soft landing despite the ongoing conflict in the Middle East[9].

Sources:


1. Bloomberg Economics
2. Bureau of Labor Statistics, https://www.bls.gov/news.release/cpi.nr0.htm
3. Bloomberg Economics
4. Bureau of Labor Statistics, https://www.bls.gov/news.release/ppi.nr0.htm
5. Bloomberg Economics
6. Bureau of Labor Statistics, https://www.bls.gov/news.release/empsit.nr0.htm
7. Bloomberg Economics
8. Reuters
9. Reuters



This is being provided for informational purposes only and should not be construed as a recommendation to buy or sell any specific securities. Past performance is no guarantee of future results, and all investing involves risk. Index returns shown are not reflective of actual performance nor reflect fees and expenses applicable to investing. One cannot invest directly in an index. The views expressed are those of PlanWiser Financial and do not necessarily reflect the views of Mutual Advisors, LLC or any of its affiliates. Investment advisory services offered through Mutual Advisors, LLC DBA PlanWiser Financial, an SEC registered investment advisor.