Weekly Market Commentary
September 18, 2023

The Markets

Adding new ingredients to the economic blender.

The performance of United States economy in 2023 has been as unexpected as a lentil-avocado-cinnamon smoothie – a tasty surprise. Last week, economic data suggested the Federal Reserve may need to do more to slow the economy. The consumer price index showed inflation edging higher, wholesale inflation was higher than expected (largely due to higher energy prices), and retail sales were healthy.

Stronger-than-expected economic data inspired market optimism that the Federal Reserve will bring inflation down without a recession. However, new ingredients are being added to the economic mix that could prove less palatable. These include:

- **A government shutdown**. It seems unlikely the House of Representatives will pass the 12 appropriations bills required to fund government operations by the September 30 deadline. It's possible a temporary spending bill will keep federal agencies operating, but that's not a certainty. In the past, government shutdowns have been short-lived and had little effect on markets and the economy, reported Matt Phillips of Axios Markets.

- **The autoworkers' strike**. Autoworkers went on strike against the Big Three automakers last week. The economic effect is expected to be modest although it affects diverse industries. "The strike will likely cause spillover effects in industries that support domestic vehicle manufacturing, such as petrochemicals, steel and glass, as well as to suppliers that produce component parts, electronics and software," reported Megan Leonhardt of *Barron's*.

- **The resumption of student loan payments**. "The end of the moratorium on student loans payments is set to take place this fall…monthly payments are expected to resume in October. This will be a major financial shock and additional burden to younger renters or millennials, especially those in the low- and moderate-income group who are rent burdened," reported Thomas Lasalvia, Nick Villa, Christopher Rosin, Lu Chen, and Mary Le of Moody's Analytics.

It's possible these events will result in increased market volatility in coming weeks.

Last week, major U.S. stock indices moved lower, according to *Barron's*, and yields on longer maturities of Treasuries.

Data as of 9/15/23	1-Week	YTD	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	-0.2%	15.9%	14.1%	9.4%	9.0%	10.1%
Dow Jones Global ex-U.S. Index	1.7	7.0	11.3	1.4	1.3	1.5
10-year Treasury Note (yield only)	4.3	N/A	3.5	0.7	3.0	2.9
Gold (per ounce)	0.0	6.4	14.1	-0.4	9.9	3.8

Bloomberg Commodity Index	1.3	-4.7	-8.7	14.4	5.5	-1.8

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

AND THE WINNERS ARE…The 33rd First Annual Ig Nobel Prize ceremony honored 10 winners for conducting research into improbable ideas that make people laugh and, also, make them think. The awards "celebrate the unusual, honor the imaginative – and spur people's interest in science, medicine, and technology." The official mascot of the Ig Nobel Prize is "The Stinker," a graphic of The Thinker toppled onto its back. This year, the winning research included:

- *Augmented Gustation Using Electricity* won the Nutrition Prize. In a shocking bit of research, Professor Homei Miyashita and Associate Professor Hiromi Nakamura explored flavor and electrification. They explained, "Electric taste is the sensation elicited upon stimulating the tongue with electric current…Our method involves changing the taste of foods and drinks by using electric taste. First, we propose a system to drink beverages using straws that are connected to an electric circuit. Second, we propose a system to eat foods using a fork or chopsticks connected to an electric circuit."

- *The The The The Induction Of Jamais Vu In The Laboratory: Word Alienation And Semantic Satiation* received the Literature Prize. Fans of Ted Lasso are familiar with semantic sensation – when repetition causes a word to lose meaning. Chris Moulin, Nicole Bell, Merita Turunen, Arina Baharin, and Akira O'Connor, "…sought to document that the subjective experience of jamais vu can be produced in word alienation tasks, hypothesizing that déjà vu and jamais vu are similar experiential memory phenomena." They had study participants write the same word over and over and over again, and documented the results.

- *Eating Fossils* won the Chemistry and Geology Prize. In *The Paleontology Association Newsletter No. 96*, Professor Jan Zalasiewicz discussed why scientists lick rocks. "Wetting the surface allows fossil and mineral textures to stand out sharply, rather than being lost in the blur of intersecting micro-reflections and micro-refractions that come out of a dry surface…The taste, now, was likely merely registered as generically-slightly-dusty and then instantly forgotten; I had always thought it entirely superfluous to identification. But perhaps not so…"

The winners received Zimbabwean 10-trillion-dollar notes. (Relics from a period of hyperinflation in Zimbabwe.) Ig Nobel recipients' 24/7 lectures, which include a complete technical description delivered in 24 seconds and a concise summary that anyone can understand in just seven words, are available on the *Improbable Research* website.

Weekly Focus – Think About It
"If we knew what it was we were doing, it would not be called research, would it?"

—Albert Einstein, scientist

Best Regards,

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* All indexes referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
* You cannot invest directly in an index.
* Stock investing involves risk including loss of principal.
* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.
* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.
* Asset allocation does not ensure a profit or protect against a loss.
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