

## Weekly Market Commentary October 30, 2023

### The Markets

#### The Mark Twain Effect?

Historically, economic theory was based on the idea that financial decisions were grounded in rational thought. In recent years, behavioral economists have recognized that people don't always behave rationally. In fact, research has found that investors like shortcuts that help simplify decision-making. While rules of thumb can be helpful, it's important to use common sense. Some investment theories are a bit wacky, such as:

- **The Aspirin Indicator:** This theory holds that there is an inverse correlation between aspirin production and stock market performance. When aspirin production is down, markets are up (fewer headaches). When production is up, stocks are down (more headaches).
- **The Hemline Index:** The idea behind this theory is that market rises and falls in line with skirt lengths. When skirts are shorter, the market rises. When hemlines move lower, the stock market does, too.
- **The October Effect:** This theory is that stock returns will be lower in October than in other months of the year. While there have been some impressive October stock market declines, the data doesn't support the theory. Some believe the October Effect derives from a book written by Mark Twain. In *The Tragedy of Pudd'nhead Wilson*, Pudd'nhead cautions, "October. This is one of the peculiarly dangerous months to speculate stocks in."

This year, U.S. stocks moved lower in October. Last week, the Standard & Poor's 500 and Nasdaq 500 Composite Indices both entered correction territory, reported Connor Smith of *Barron's*. A correction occurs when an Index (or stock) drops 10 percent to 20 percent from its previous high. In general, corrections are normal adjustments as stocks trend higher. On occasion, a correction can mark the start of a bear market, reported the Corporate Finance Institute.

No one likes to see a negative return on an account statement. Sometimes, when markets have moved lower, investors are tempted to make portfolio changes to minimize losses. This is rarely a good idea. Timing the market is exceptionally difficult. Missing just a few days of returns can dramatically affect long-term performance. A better choice is to have a well-diversified portfolio that is invested according to your long-term financial goals and then make changes when your goals change, or you experience a life transition.

Last week, major U.S. stock indices moved lower, and yields on most longer-term U.S. Treasuries finished the week lower.

<b>Data as of 10/27/23</b>	<b>1-Week</b>	<b>YTD</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
Standard & Poor's 500 Index	-2.5%	7.2%	8.1%	6.7%	9.3%	8.9%
Dow Jones Global ex-U.S. Index	-0.9	-1.3	8.1	-0.7	1.4	0.3
10-year Treasury Note (yield only)	4.9	N/A	3.9	0.8	3.1	2.5
Gold (per ounce)	-0.3	9.4	19.5	1.3	10.0	3.8
Bloomberg Commodity Index	0.2	-6.4	-6.7	12.8	4.6	-1.9

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.

**THINGS PEOPLE DON'T LIKE – AND THINGS THEY DO.** Many people have strong opinions, especially when it comes to what they like and don't like. Research has found that preferences are affected by our experiences, genetics, environment, family, friends and other factors, reported Ana Clemente in *The Conversation*. Some people, for example, have neophobia, an aversion to anything new or unfamiliar. Here are a few things that people have said they dislike, gathered from surveys and social media.

- Driving at night or in bad weather.
- Redoing a home repair because it was done poorly the first time.
- Making multiple trips to the hardware store for the same project.
- Working from 9 to 5 (commenters preferred a flexible schedule).
- Waiting in line.
- Rising prices, aka inflation.
- Oversharing on social media.
- Taking surveys.
- Worrying about income after retirement.

Sometimes, an unexpected event can spark delight and change your outlook. A snack company in the United Kingdom asked people the kinds of spontaneous surprises that improve their mood during the day or week. Here are some of the moments survey respondents enjoyed.

- Finding forgotten cash in the pocket of a jacket.
- Receiving a compliment from a stranger.
- Having someone let them go first at a store checkout.
- Hearing a favorite song on the radio.
- Being recognized with a bonus at work.
- Hitting all green lights as they drive along the road.
- Getting a whiff of a favorite scent from childhood.
- Having a loved one say they're proud of you.

- Doing something nice for someone else.

Many respondents said spur-of-the-moment events brought joy, or restored their faith in humanity, about twice a week on average, reported The Good News Network.

What brings delight to your life?

### Weekly Focus – Think About It

"But we overlay the present onto the past. We look back through the lens of what we know now, so we're not seeing it as the people we were, we're seeing it as the people we are, and that means the past has been radically altered."

—Ann Patchett, author (*Dutch House*)

Best Regards,

Victor Levy for Levy Wealth Management Group



1818 Market St | Suite 3232 | Philadelphia, PA 19103

Main: 215-875-8720 | Fax: 215-875-8756

[info@levywealth.com](mailto:info@levywealth.com)

[www.levywealth.com](http://www.levywealth.com)

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\* 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.
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