



### Benchmark Returns as of September 30, 2023

	For the Month	Year-to-Date		For the Month	Year-to-Date
<b>S&amp;P 500</b>	-4.77%	13.06%	<b>Bloomberg Aggregate Bond Index</b>	-2.54%	-1.21%
<b>Dow Jones Industrial Average</b>	-3.42%	2.73%	<b>Developed International</b>	-3.42%	7.08%
<b>Nasdaq</b>	-5.81%	26.30%	<b>Emerging Markets</b>	-2.62%	1.82%

The markets did not welcome the arrival of fall this month, coming as it did with higher oil prices, striking actors and autoworkers, a hawkish outlook from the Federal Reserve, and a sharp jump in long-term Treasury yields. Still, there were bright spots in the month, including the end of the Hollywood writers' strike, three successful IPOs, and a reprieve from the threatened government shutdown.

The price of a barrel of WTI crude oil at this writing is ~\$89. The sharp rise from ~\$70 per barrel in July comes amid a rise in demand, extended production cuts by Saudi Arabia and Russia, and low inventory levels. Higher oil prices helped stocks in the energy sector post gains for September while the other ten S&P industry sectors were down.

Two of the three headline labor strikes continue as of this writing. The 148-day work stoppage by the Writers Guild of America was successfully resolved, but members the SAG-AFTRA actors union remain on strike. The United Auto Workers initiated their strike against the "big three" U.S. manufacturers on September 14th. Layoffs are affecting a patchwork of plants across the country and investors are attempting to quantify the implications for labor costs going forward.

The September FOMC meeting ended with the fed funds rate unchanged at 5.25% - 5.50%. This was almost universally expected. Less expected were the updates to the Summary of Economic Projections, or "dot plots" that quantified the Fed's mantra of "higher for longer". The projections (reflecting opinions, not decisions) indicate one more 0.25% rate hike by year end and only two rate cuts during 2024, resulting in a still-elevated 5.1% fed funds rate 15 months from now. Additional fears center around the possibility that the full effect of the rate hikes that began in March 2022 are still to come. Inflation has come down, but unevenly and insufficiently to meet the Fed's 2.0% target.

Subsequently, Treasury bond yields climbed sharply from 4.11% at the beginning of September to 4.58% by month-end. This places benchmark interest rates at levels last seen in 2007 and many market pundits see this



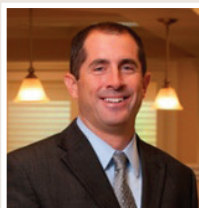
as the impetus for the accelerated selloff for stocks that occurred in the last half of September. A more sanguine perspective comes from Don Luskin at TrendMacro, whose recent strategic view is that "[h]igher yields have almost always been associated with higher growth expectations. They are not likely due to an impending credit crisis driven by debts and deficits."

Investor confidence was evident when three initial public offerings -- chipmaker Arm Holding plc ADR (ARM), grocery delivery company Instacart (CART), and marketing automation provider Klaviyo (KVYO) -- priced at the top of their offering ranges and opened above their IPO price. The IPO market has been moribund for most of 2023, so the appetite for new issues was a welcome sign that investors still embrace riskier assets.

One concern that added to September's angst was resolved after the last trading day of the month. A last-hour bill to fund U.S. agency budgets until November 17th was signed into law on September 30th, avoiding a government shut down -- at least for now.

Myriad market issues continue to swirl like fallen leaves. As we look ahead, third quarter earnings season will be a focus. The first estimate of third quarter GDP will be released on October 26th and estimates are for growth as high as 4.9% -- a sign of ongoing resilience and strength of the US economy.

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