

## Equity Markets

The major U.S. stock indexes fell 3% to 4%, resulting in the third weekly setback in a row for the S&P 500. The decline was steepest for the NASDAQ, which has fallen nearly 11% over the past three weeks. For the month, the S&P 500 rose in early August but reversed course at midmonth, resulting in an overall decline of 4.2%.

	<u>8/29 Open</u>	<u>9/2 Close</u>	<u>Change</u>
Dow Jones	32,283	31,318	Dn 2.9%
S&P 500	4,058	3,924	Dn 3.2%
NASDAQ	12,142	11,631	Dn 4.2%
KBW Bank Index	107.7	105.0	Dn 4.0%
VIX	25.6	25.5	Dn 0.3%

Energy was the strongest performer at the sector level with a 2.2% gain; information technology was the weakest with a 6.3% drop.

## Interest Rates/Bonds

Growing expectations for further sharp interest-rate increases weighed on prices of U.S. government bonds, which sent the yield of the 10-year U.S. Treasury bond up for the fifth week in a row. The yield climbed to around 3.20% on Friday, up from 2.64% at the end of July.

	<u>8/29 Open</u>	<u>9/2 Close</u>	<u>Change</u>
3mo UST	2.82%	2.85%	Up 2 bp
2yr UST	3.39%	3.40%	Up 1 bp
5yr UST	3.21%	3.32%	Up 11 bp
10yr UST	3.04%	3.20%	Up 16 bp
2-10yr UST Spread	-36 bp	-20 bp	Dn 9 bp
10yr Inflation Rate	2.58%	2.50%	Dn 8 bp

Before closing the week at 3.40%, the yield of the 2-year U.S. Treasury bond on Thursday climbed to 3.52%, the highest level since 2007. The 2-year yield is especially sensitive to the near-term outlook for U.S. Federal Reserve policy and expectations for another big interest-rate increase to be announced on September 21.

The Treasury curve flattened again last week. Before falling to -20 basis points on Friday, the spread between 2-year and 10-year Treasury yields had reached -50 basis points in early August.

## Washington

Acting Comptroller of the Currency Michael Hsu announced a 40% reduction in assessment rates for all banks on their first \$200 million in total assets and a 20% reduction for all banks on balance sheets between \$200 million and \$20 billion.

The reduction in assessment rates should result in \$41.3 million in total savings for OCC-chartered community banks in 2023, according to an OCC press release. It will be published in the OCC's notice of assessment rates in December.

## Economic Results 8/29 - 9/2

### Aug. Consumer

**Confidence:** The U.S. Consumer Confidence Index increased to 103.2 in August, following three straight months of declines, according to the Conference Board's U.S. Consumer Confidence Survey. Economists surveyed were expecting the index to jump to 97.4, up from July's revised 95.3 reading. The index is measured on a scale of 140.

**Aug ADP Employment:** Private payrolls grew by just 132,000 for the month, a deceleration from the 268,000 gain in July, ADP said in its monthly payroll report. August's numbers add to the inflation worries, as ADP reported annual pay up 7.6% for the month.

**Aug ISM manufacturing:** U.S. manufacturing grew steadily in August as employment and new orders rebounded, while a further easing in price pressures strengthened expectations that inflation has likely peaked. The index was at 52.8 (same as July) which was ahead of surveys at 51.9. anything above is expansionary.

**Aug Nonfarm/Unemployment:** The U.S. economy added 315,000 jobs in August, and the unemployment rate rose to 3.7%, the Department of Labor reported Sept. 2. The August jobs total was down from July's figure, which was revised to 526,000 jobs added. August job gains were strong in professional and business services, retail, and healthcare, according to the report. Average hourly earnings rose by 0.3% in August from July and were up 5.2% year over year. The labor force participation rate jumped to 62.4% from 62.1% the prior month.

## Economic Week Ahead

Aug ISM Services Index (Tue)

## Quote

"Failure defeats losers, failure inspires winners."

— Robert T. Kiyosaki

## Contact

### SSW Research Department

Chad McKeithen

P: (601) 605-1776

E: [chad.mckeithen@ssw1776.com](mailto:chad.mckeithen@ssw1776.com)

[www.ssw1776.com](http://www.ssw1776.com)

*The source for the information above is Bloomberg News unless otherwise noted.*