WEST SHORE BANK

WEEKLY RECAP - November 13, 2023

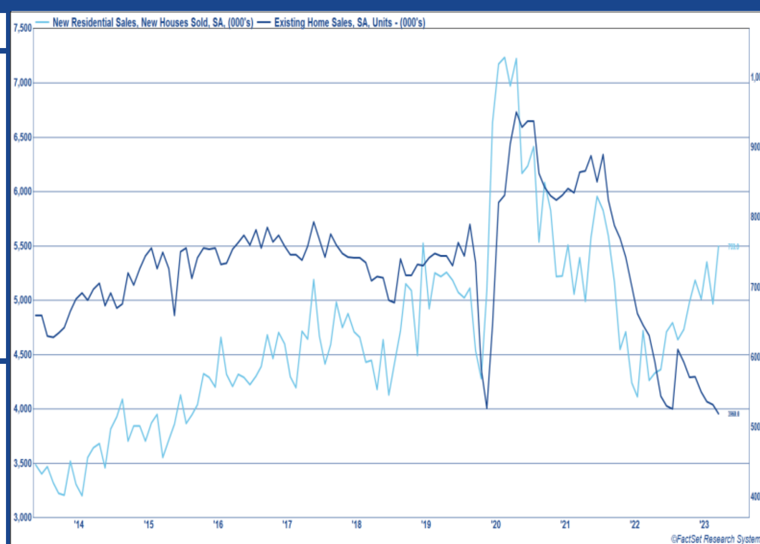
Economic & Market Commentary

Stocks and bonds finished mixed last week as investors tried to maneuver through a litany of economic and political dynamics. The "higher for longer" rate theme is being put to the test as the bond market is signaling the Fed is done raising rates while the Fed is indicating they are in wait and see mode and will adjust accordingly to incoming data. At an IMF conference last week, Fed Chair Powell said inflation has given policymakers a few "head fakes," and that the Fed will not hesitate to tighten further if it becomes apparent that more tightening is required. However, Powell added the Fed will continue to move carefully in order to address both the risk of being misled by a few good months of data and the risk of overtightening. Higher rates continue to put pressure on consumer and business demand. The latest addition of the Fed's quarterly Senior Loan Officer Opinion Survey (SLOOS) observed tighter standards for commercial and industrial (C&I) loans of all loan sizes during Q3, with lenders citing a more uncertain outlook, reduced risk tolerance, and less aggressive competition. C&I demand was also weaker, with respondents noting a decrease in inquiries from potential borrowers. Banks noted tighter standards and lower demand for both commercial and residential real estate loans. Consumer auto and credit card loan standards also saw additional credit tightening as delinquencies are moving higher. Speaking of consumer credit, the Federal Reserve Bank of New York released their quarterly report on household debt for the 3rd quarter which showed Americans now owe a record $1.08 trillion in credit card debt. Consistent with the SLOOS report, the household debt report noted that delinquency rates rose across the board especially among millennials. On the political front, a funding showdown looms this week as Congress has five days to avoid a government shutdown this weekend. After the close Friday, Moody’s credit rating agency downgraded its rating outlook on U.S. debt from stable to negative citing expected increasing deficits, higher funding and debt service costs and continued dysfunctional government.

Index Total Returns - November 10, 2023

	1-Wk	YTD	1-Yr
NASDAQ	2.40	32.76	25.22
S&P 500	1.35	16.60	13.47
MSCI-Developed	-0.90	6.17	10.48
Dow Jones	0.72	5.29	3.88
S&P 400	-1.53	1.81	-1.44
MSCI-Emerging	0.02	1.44	9.47
Russell 2000	-3.11	-1.92	-7.25
Barclay's U.S. Bond Index			
High Yield	-0.30	6.87	8.10
Int. Gov. Credit	-0.36	1.12	1.83
5-year Muni	0.50	0.47	2.92
Municipal	0.80	0.38	3.58
Aggregate	-0.29	-0.82	0.44

U.S Home Sales



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	5.36	5.40	4.62
U.S. 2-Yr	5.05	4.87	4.31
U.S. 3-Yr	4.82	4.62	4.19
U.S. 5-Yr	4.66	4.48	3.95
U.S. 10-Yr	4.61	4.52	3.84
U.S. 30-Yr	4.73	4.70	4.08

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.89	3.99	3.64
U.S. AA	3.95	4.07	3.81
U.S. A	4.48	4.59	4.40
U.S. Baa	5.01	5.11	4.95
U.S. Municipal	4.12	4.23	3.99
Michigan	4.27	4.40	4.11

S&P 500 Sector Total Returns - November 10, 2023

Sector	1-Wk	YTD	1-Yr
Info Tech	4.81	48.23	40.92
Communication Services	2.21	46.82	44.08
Consumer Discretionary	0.95	28.42	17.29
Industrials	0.93	5.72	4.72
Materials	-1.80	1.07	-1.57
Financials	0.34	0.55	-2.76
Energy	-3.82	-2.45	-4.82
Consumer Staples	0.23	-4.45	-2.49
Real Estate	-2.25	-4.70	-8.15
Health Care	-0.90	-5.92	-4.79
Utilities	-2.52	-12.43	-9.59

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	18.38	17.82	1.53
S&P 400 - Mid Cap	12.82	15.60	1.66
S&P 600 - Small Cap	12.00	15.16	2.08

Sources: FactSet, Federal Reserve