WEST SHORE BANK

WEEKLY RECAP - October 30, 2023

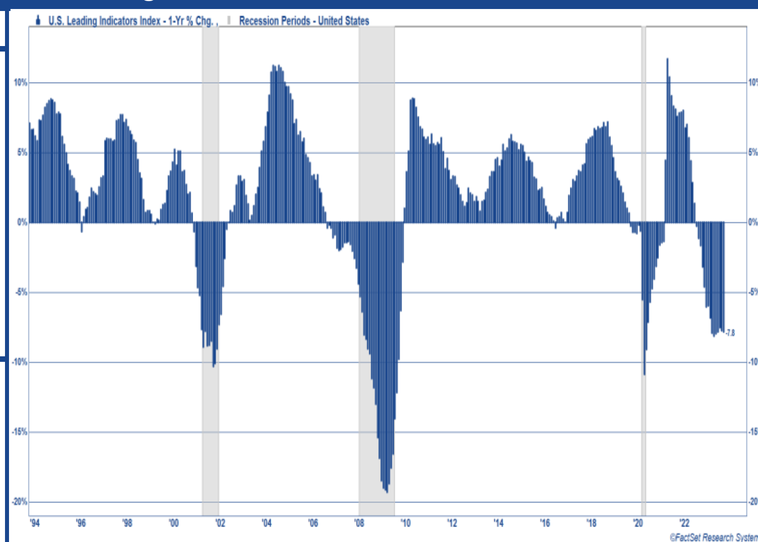
Economic & Market Commentary

US equities were lower last week as the S&P 500 shed more than 2% for a second-straight week and finished at the lowest level since April. Nasdaq was also lower for a third-straight week and is now 12% below the recent July peak. Stocks were also hit this week by underwhelming earnings and guidance takeaways. With around 49% of S&P 500 companies having reported Q3-23 earnings, the blended S&P 500 earnings growth rate for Q3-23 rose from -0.4% last week to 2.7%, and on pace for the first quarter of y/y earnings growth since Q3-22 (FactSet's Earnings Insight). However, despite the improvement in some of the headline earnings metrics this week, there has also been a ramp up in scrutiny surrounding the magnitude of the expected rebound in Q4 and 2024 given macro uncertainty. Strategists have also highlighted deteriorating earnings revisions breadth and weaker guidance trends with Q4 earnings growth expectations down 150 basis points in just the last few days. Last week saw another bout of bond volatility. Treasuries yields fell on the week, though not before the 10Y yield on Monday rose above 5% for the first time since 2007, while the 2Y/10Y spread at one point fell to around -15 basis points, the narrowest since July 22nd. Despite some rate stabilization, the recent backup in yields remains a key market headwind. The are many big events this week starting with the November FOMC meeting on Wednesday. The Fed is widely expected to hold the fed fund rate steady at 5.50%. The week also brings the Treasury November refunding announcement (Nov 1st), which will be under close scrutiny given that Treasury supply is a key piece of the rising yield backdrop. Finally, October non-farm payroll is on Friday. Consensus is for an increase of 155K, down from the big September surprise print of 336K. The unemployment rate is expected to hold at 3.8%, while average hourly earnings are expected to slightly accelerate.

Index Total Returns - October 27, 2023

	1-Wk	YTD	1-Yr
NASDAQ	-2.62	21.59	18.18
S&P 500	-2.52	8.66	9.97
MSCI-Developed	-0.76	2.59	13.49
Dow Jones	-2.14	-0.51	3.39
MSCI-Emerging	-0.61	-1.65	9.88
S&P 400	-2.77	-2.97	-1.02
Russell 2000	-2.60	-5.91	-7.94
Barclay's U.S. Bond Index			
High Yield	0.40	4.32	6.00
Int. Gov. Credit	0.42	0.41	1.91
5-year Muni	0.07	-1.05	2.20
Municipal	-0.04	-2.26	2.71
Aggregate	0.68	-2.48	0.00

U.S. Leading Economic Indicators - LEI



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	5.40	5.41	4.30
U.S. 2-Yr	5.02	5.08	4.34
U.S. 3-Yr	4.85	4.91	4.30
U.S. 5-Yr	4.76	4.85	4.09
U.S. 10-Yr	4.83	4.92	3.95
U.S. 30-Yr	5.01	5.08	4.09

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	4.26	4.26	3.87
U.S. AA	4.33	4.31	4.03
U.S. A	4.84	4.81	4.61
U.S. Baa	5.35	5.33	5.13
U.S. Municipal	4.49	4.48	4.21
Michigan	4.64	4.61	4.31

S&P 500 Sector Total Returns - October 27, 2023

Sector	1-Wk	YTD	1-Yr
Communication Services	-6.29	34.84	34.45
Info Tech	-1.67	32.35	32.60
Consumer Discretionary	-1.05	18.64	5.26
Industrials	-2.31	-0.54	6.20
Energy	-6.15	-0.91	-1.32
Materials	-0.44	-2.07	3.50
Financials	-2.39	-6.73	-3.71
Consumer Staples	-0.98	-7.70	-3.07
Health Care	-3.87	-8.26	-4.16
Real Estate	-1.09	-10.02	-6.46
Utilities	1.24	-14.68	-7.41

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	17.15	17.80	1.64
S&P 400 - Mid Cap	12.12	15.59	1.75
S&P 600 - Small Cap	11.26	15.17	2.17

Sources: FactSet