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Market Perspectives Video

Greater Uncertainty Spooks Markets

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Why Have Bond Yields Been Surging?

- The central concern for investors has been the sharp rise in bond yields.
- Recent rise in the 10 year Treasury due to a confluence of events.
- Near term path for rates may be higher.

Factors Driving Yields Higher
▪ Markets acceptance of higher for longer Fed
▪ Better than expected economic strength; falling recession forecasts
▪ Fed balance sheet reduction
• Rising Treasury issuance driven by federal deficits
▪ Influence of global central banks
▪ Levered players being caught offside; selling begets selling

10 Year Treasury Yield



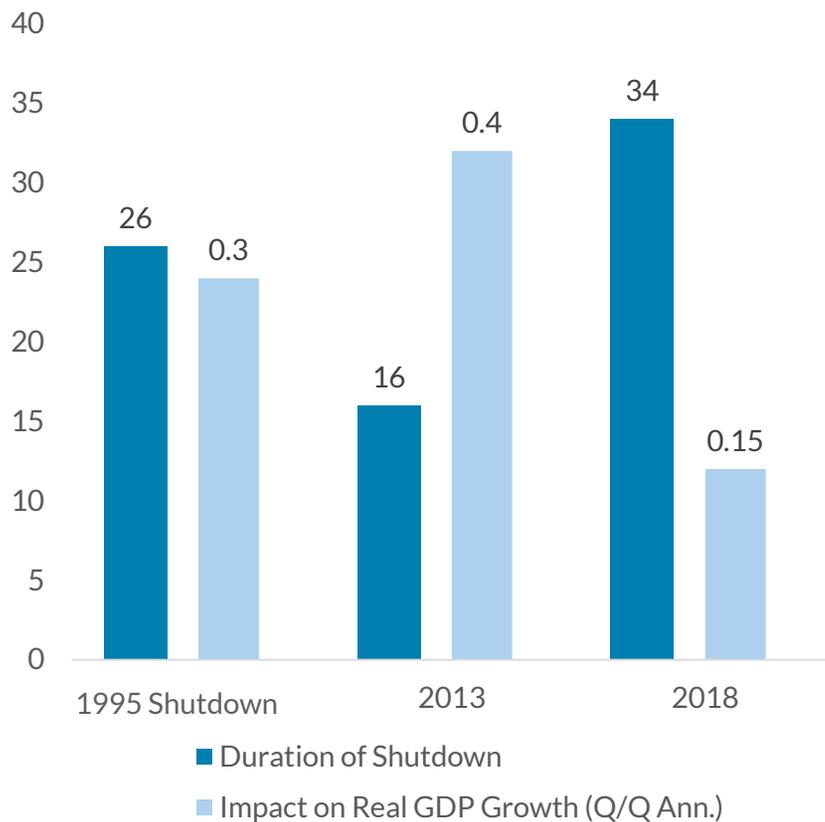
Source: St. Louis Fed, October 2023.
 Information is subject to change and is not a guarantee of future results.



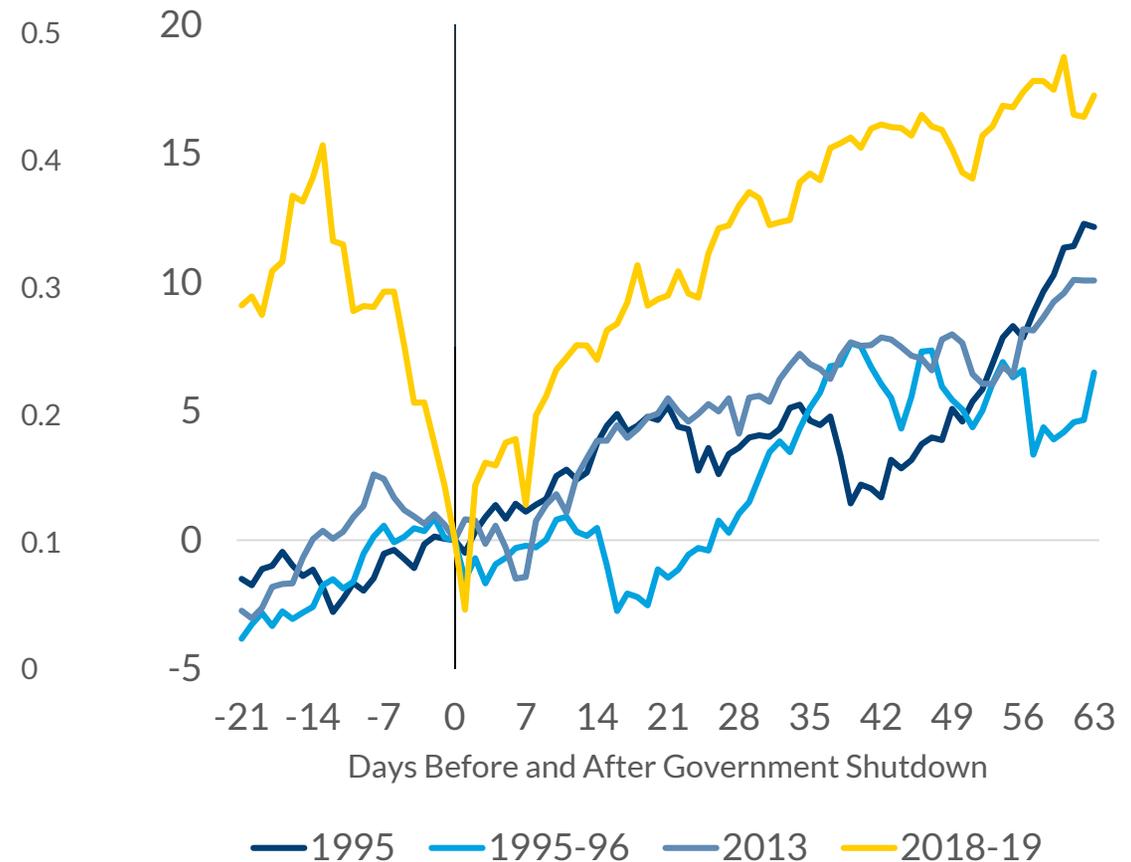
US Political Uncertainty

- Unresolved GOP House Speakership has legislative process on hold and raises government shutdown likelihood.
- Shutdowns have historically had a modest temporary effect on GDP, with spending recovered when funding resumes.
- While an uptick in near term volatility is possible, markets have tended to look through past shutdowns.

Prolonged Government Shutdowns Since 1990



% Change in S&P 500



Source: BEA, Bloomberg, as of October 2023.

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Geopolitical Risk- High for Longer

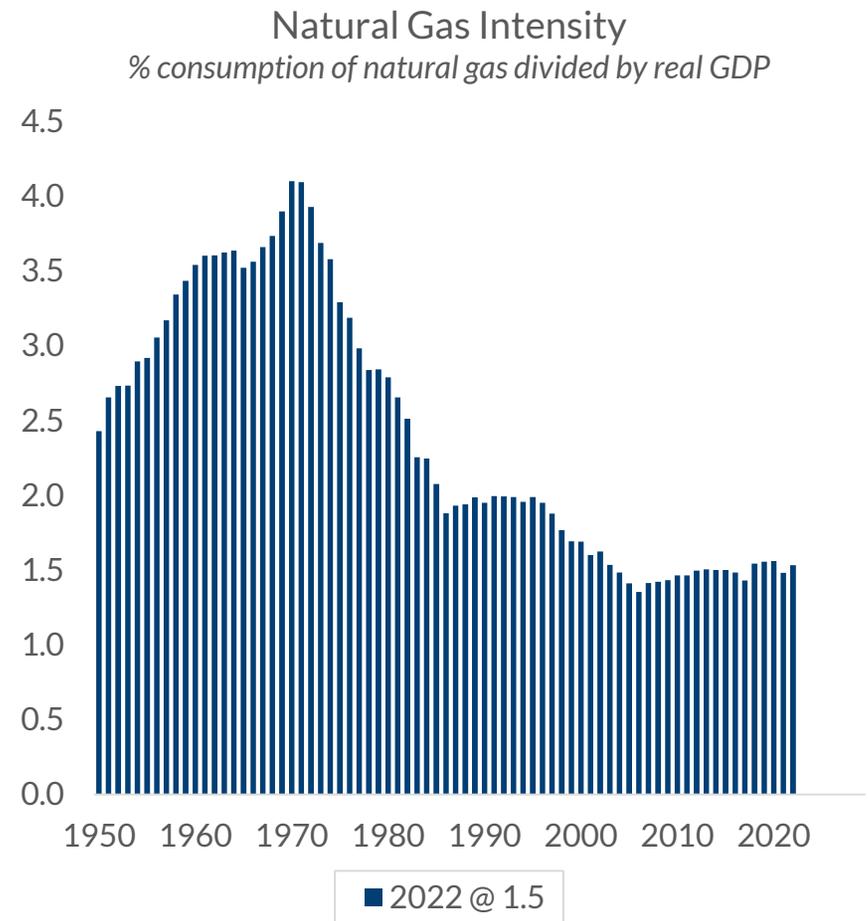
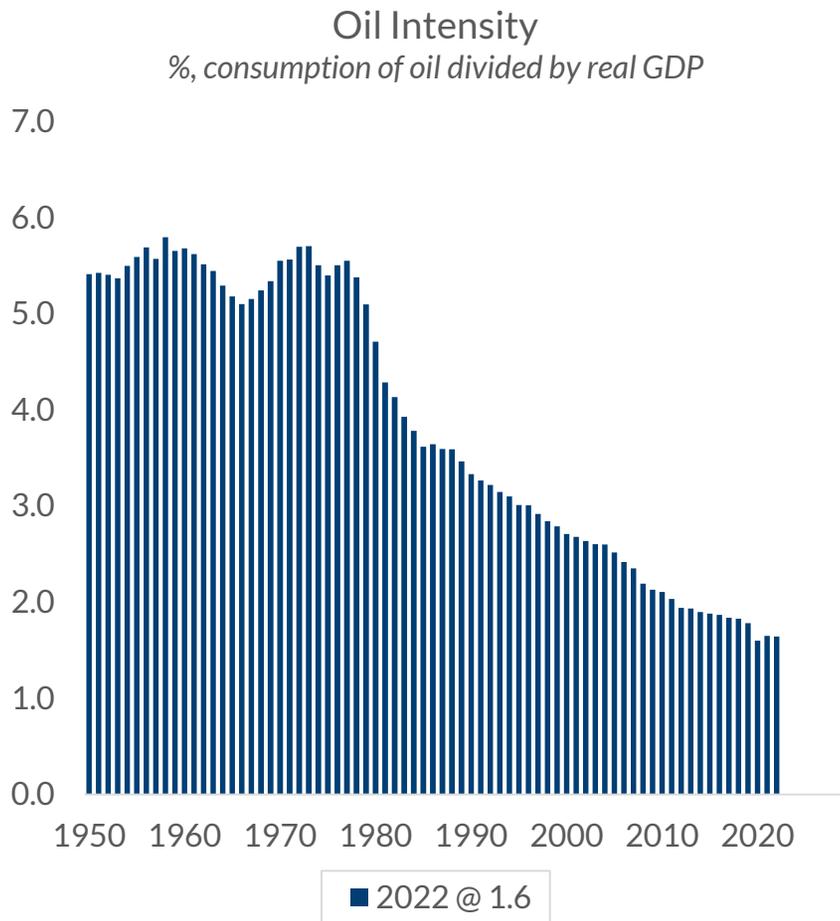
Region	Perspectives
<p>China/Taiwan</p>	<ul style="list-style-type: none"> ▪ Chip wars remain ▪ Military tensions in South China Sea worsening ▪ Taiwan election a wild card
<p>Russia/ Ukraine</p>	<ul style="list-style-type: none"> ▪ Stalemate on battlefield ▪ No end in sight, likely to drag on for years ▪ Watchful for escalation of sanctions, impact on oil and EU economic activity
<p>Mideast</p>	<ul style="list-style-type: none"> ▪ Regional escalation possible ▪ Global entanglement unlikely ▪ Watchful for impact on oil

Source: CNR Research October 2023.
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US Economy Less Dependent on Oil

- The amount of oil the economy consumes relative to its size has declined over the past several decades.
- This is partly due to more energy-efficient appliances, vehicles, and homes/businesses.
- It is also due to the economy moving toward a service-based economy from a product-heavy economy.



Data current as of October 24, 2023
 Source: US Energy Information Administration. Bureau of Economic Analysis.
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Index Definitions

S&P 500 Index: The Standard & Poor's 500 Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent US equity performance.





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