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# MARKET INSIGHTS

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## STOCKS RETREAT ON CAUTIOUS EARNINGS REPORTS

Amid a busy week of corporate earnings reports, stocks slumped on cautious earnings guidance, fears of higher interest rates, and growing anxiety over the increasing amount of Treasury bonds and notes coming to market.

The Dow Jones Industrial Average dropped 1.88%, while the Standard & Poor's 500 declined 3.29%. But the Nasdaq Composite index gave up 4.48% for the five trading days. The MSCI EAFE index, which tracks developed overseas stock markets, retreated 1.82%.

### Major Index Return Summary

Name	1W	1M	YTD	1Y
<u>Dow Jones Industrial Average</u>	-1.88%	-2.39%	0.61%	5.20%
<u>MSCI EAFE</u>	-1.82%	-4.12%	2.95%	13.53%
<u>Nasdaq Composite</u>	-4.48%	-3.55%	21.14%	15.82%
<u>S&amp;P 500</u>	-3.29%	-3.09%	9.18%	9.83%

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## S&P 500 Daily Close



## 10-Year Note Review

Indicator Name	Latest Value	1M Ago	1M Change
Date		3M Ago	3M Change
		1Y Ago	1Y Change
<b>10 Year Treasury</b>	<b>4.86%</b>	4.56%	6.58% ▲
<b>Rate</b>		3.86%	25.91% ▲
10/26/23		4.04%	20.30% ▲

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## October Slide Continues

Stocks continued their slide last week despite mostly better-than-expected earnings results. While earnings surprises were generally positive, investors were troubled by declines in year-over-year net profit margins and tepid earnings guidance. Particularly hard hit were technology companies, following mixed earnings results.

Economic data released on Thursday showed remarkable economic strength, with above-consensus forecast growth in third-quarter Gross Domestic Product (GDP) and September's durable goods orders, with only a minor uptick in initial jobless claims. The results fanned worries that the Fed might need to hike rates further or, at least, maintain high rates for longer.

## Strong Economic Data

The first read of third-quarter economic growth was a blowout, with GDP increasing at an annualized rate of 4.9%. This pace was well ahead of the prior quarter's 2.1% expansion and above consensus forecasts. Powering the third quarter's economic performance was strong consumer spending and inventory build-up. Durable goods

orders jumped 4.7% in September, confirming the nation's continued good economic health, easily outpacing the 0.1% rise in August and economists' forecast of two percent. Meanwhile, initial jobless claims slightly increased, suggesting that the labor market remains healthy.

## Key Economic Data

**Wednesday:** FOMC Announcement. Automated Data Processing (ADP) Employment Report. Institute for Supply Managers' (ISM) Manufacturing Index. Job Openings and Turnover Survey (JOLTS).

**Thursday:** Factory Orders. Jobless Claims.

**Friday:** Employment Situation. Institute for Supply Managers' (ISM) Services Index.



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## Companies Reporting Earnings

**Monday:** McDonald's Corporation (MCD), Arista Networks, Inc. (ANET)

**Tuesday:** Pfizer, Inc. (PFE), Caterpillar, Inc. (CAT), Amgen, Inc. (AMGN), Marathon Petroleum Corporation (MPC)

**Wednesday:** Advanced Micro Devices, Inc. (AMD), CVS Health Corporation (CVS), Qualcomm, Inc. (QCOM), PayPal Holdings, Inc. (PYPL), Humana, Inc. (HUM)

**Thursday:** Apple, Inc. (AAPL), Starbucks Corporation (SBUX), Shopify, Inc. (SHOP), Eli Lilly and Company, Inc. (LLY), Duke Energy Corporation (DUK), Cigna Group (CI), ConocoPhillips (COP)

**Friday:** Berkshire Hathaway, Inc. (BRK.A)

If you have a business and work out of your home, the IRS allows you to deduct certain expenses on your return. Here are a few key things to keep in mind:

- The IRS requires you to use your office (or a part of your home) for "regular and exclusive use." The part of the house should be your principal place of business, a place where you meet customers, or a separate structure dedicated to the business, like a garage or studio.
- To calculate your deduction, you can use two methods: 1) The simplified choice allows you to multiply the allowable square footage of your office by \$5 up to a maximum of 300 square feet. 2) The regular method allows you to specifically calculate the actual expenses like rent, mortgage interest, taxes, repairs, depreciation, and utilities you pay for the portion of your home used for the business. You must determine the percentage devoted to business activities if you use only part of a space for your business.

## FOOD FOR THOUGHT



*"Life can only be understood backwards, but it must be lived forwards."*

– Soren Kierkegaard

## TAX TIP



## Rules For Home Office Deductions



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## HEALTH LIVING TIP



### Being SMART About Fitness Goals

Instead of simply saying you're going to "exercise more," state a SMART exercise goal. SMART stands for:

**Specific:** State the objective you wish to meet as specifically as possible: "I am going to commit to doing a full-body video workout several times a week."

**Measurable:** Identify quantifiable criteria to allow you to measure your progress: "I am going to do this workout three times a week for at least 30 minutes each time. I will track my progress in my workout journal."

**Attainable:** Your goal should be ambitious, but not impossible: "I am committing to three times a week, not seven times a week, because it is realistic and achievable for me with my current schedule."

**Relevant:** The goals you set need to align with your current circumstances and priorities: "I will do it to stay healthy and strong during these times and to feel less stressed." **Time-bound:** Allocate a specific time period for completing your goal: "I will commit to this plan for a month. In 30 days, I will have had 12 workouts and will reassess my goal after that."

## WEEKLY RIDDLE



**I'm usually made by someone who does not want me. I'm usually bought by someone who does not need me. I'm usually used by someone who never sees me. What am I?**

*Riddle from last edition: It is round and has a big mouth but never speaks. It is most often in a cabinet. What is it?*

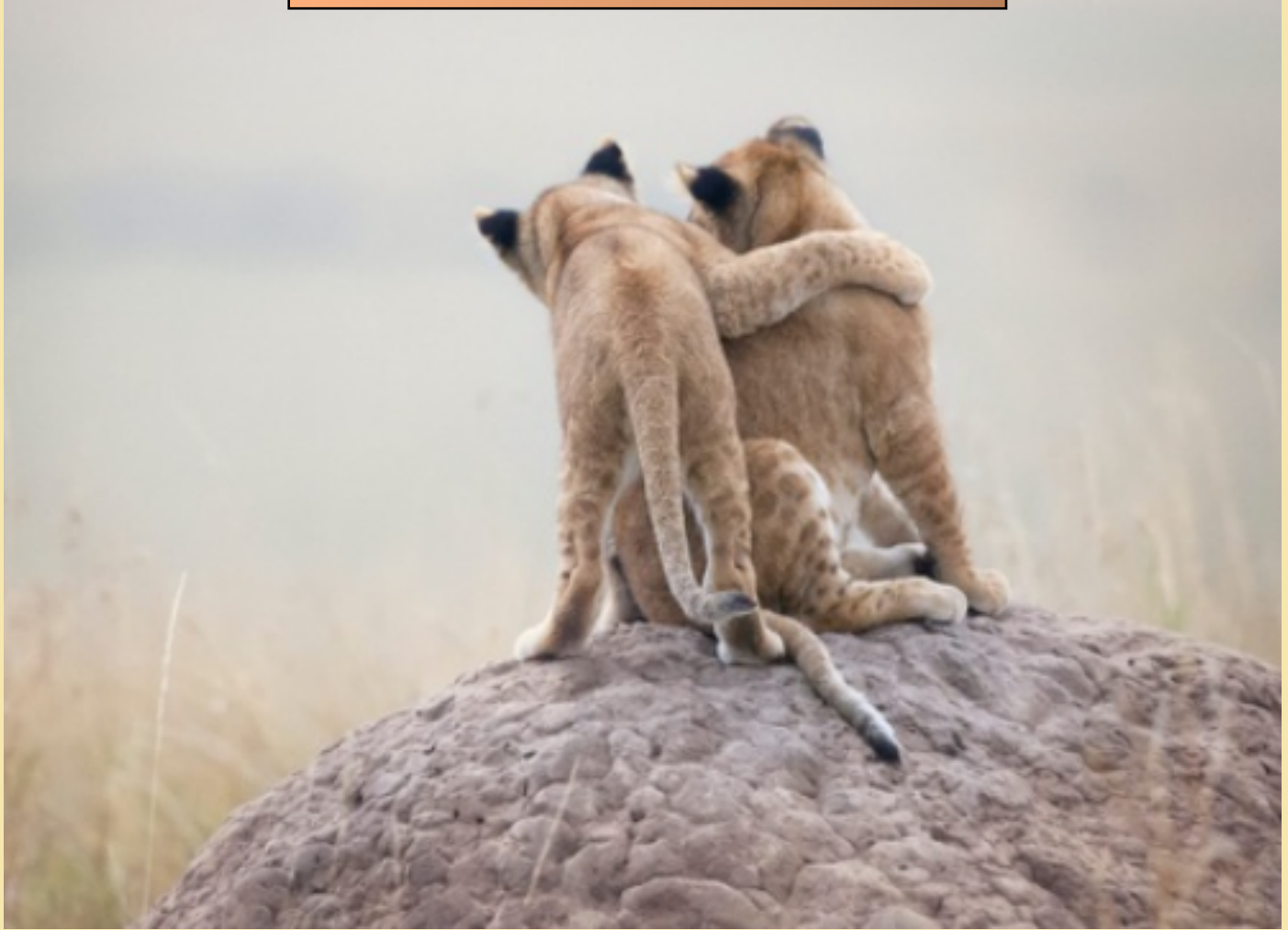
Answer: A jar.



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## PHOTO OF THE WEEK



*Two lion cubs in Mara National Reserve in Kenya, East Africa*



Do you have questions about your finances, the market, or the economy?

Park 10 Financial has the knowledge and expertise to answer all of your concerns.

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