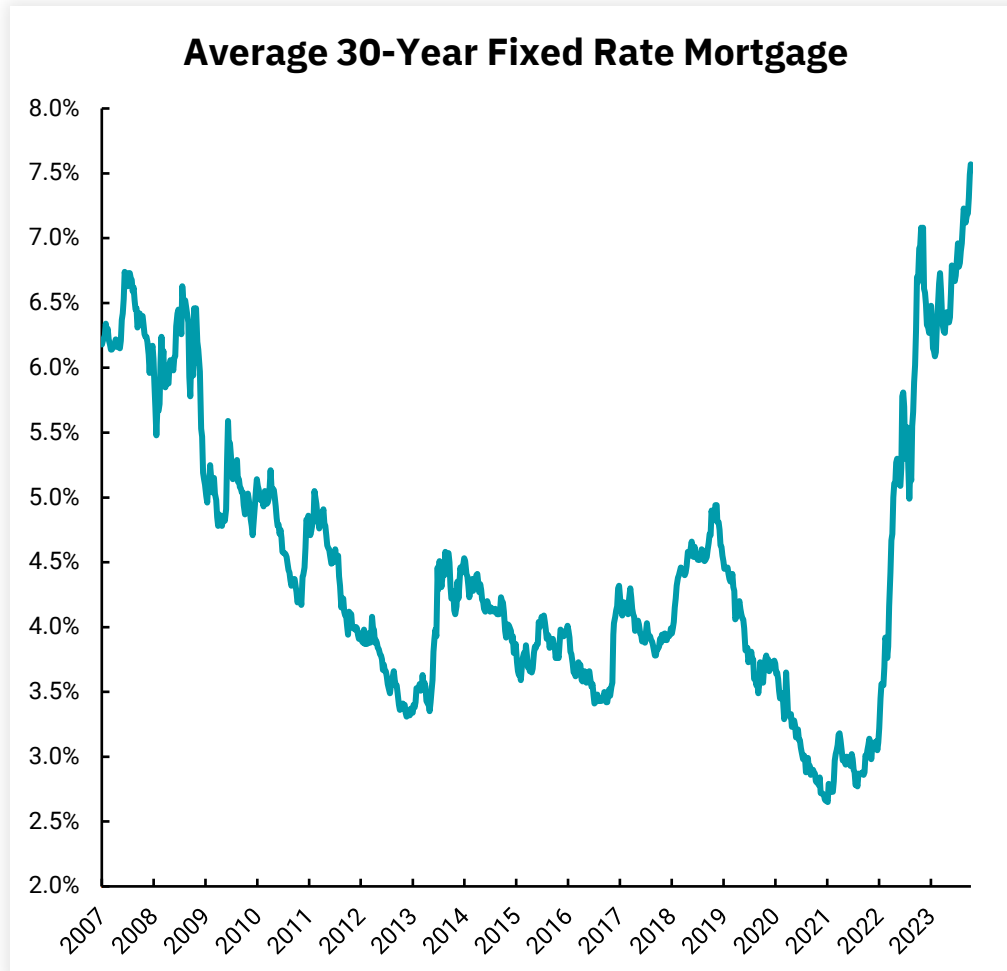


Weekly market update



Chart of the week (Oct. 20, 2023)



The housing market has been one of the more confounding areas of the domestic economy this year. As interest rates have moved higher, taking mortgage rates with them, one might expect this to have the impact of falling home prices. Higher financing rates directly increase the monthly cost of housing, meaning consumers can afford less house for the same monthly payment. Over the course of the last 18 months, the monthly cost of principal and interest for the median-priced U.S. home has increased by \$1000.

However, instead of falling, nationwide housing measures show home prices have INCREASED this year, the exact opposite of what we might expect. As with most national statistics, there are specific regions where home prices have declined based upon overall valuation or declining population trends. There also are areas where price growth is higher based on those same trends. Yet overall, national price levels are up.

How is this possible? On one hand, it is true that higher rates have reduced the pool of qualified buyers. Incomes have been increasing but not nearly as fast as financing costs. The offset to this lower demand, however, has been an even bigger decrease in the supply of homes for sale. We have been under-investing in housing since the 2008-2009 financial crisis. The number of new homes being built fell behind the rate of household formation for a variety of reasons, not the least of which was the memory of the housing bust. This extended period of underinvestment then ran into an explosion of demand as fixed-rate mortgage rates fell during and after the onset of the pandemic. This cocktail of higher demand and low rates led to a rapid increase in home prices and a rush for existing homeowners to refinance at ultra-low rates.

Now as rates have moved up, we see most homeowners with mortgage rates lower, in some cases much lower, than current financing rates. The effect of this is a massive decline in the number of existing homes for sale to near-record lows, as current homeowners are not going to let go of low mortgage rates. This has left new homes as the only source of homes for sale, and these numbers remain smaller than the reduced pool of home buyers, which means prices have remained firm.

Yet as we approach 8% mortgage rates, we may be starting to see a change. The number of homes with listing price cuts is increasing, sales are taking a bit longer and the supply of homes for sale is inching higher. One could argue current mortgage rates are close to the longer-term average, and they are, but the housing market might have a bit more rebalancing to do as we consider the idea of financing rates not going back to the levels they were only a couple of years ago.

Weekly market update



Commentary (Oct. 20, 2023)

Domestic Equities

- U.S. stocks were negative this week as the conflict in Gaza and increasing borrowing costs weighed on sentiment. Growth was hit harder than value this week, and the difficulties continue for small caps with the Russell 2000 Index turning negative for the year.
- American Express reported record revenue as consumers continue to spend, but the company also noted it is bracing for defaults, and its stock declined sharply on the news.
- AT&T—which fell to \$13.45 in mid-July, its lowest level since 1993—rose sharply this week on upbeat news of cellphone customer growth and its outlook for free cash flow.

Bonds

- U.S. Treasury yields continued their relentless move higher, with the yield curve bear-steepening on heightened geopolitical risks and comments from several Fed officials. Most notably, on Thursday Fed Chair Powell delivered a speech to the Economic Club of New York, during which he signaled that the Fed is inclined to keep rates unchanged at the FOMC's upcoming meeting but left open the possibility for another rate hike in December. Although Powell's comments were initially taken as hawkish, the market closed the week pricing in a less-than-25% probability that the Fed hikes again in December.
- Mortgage rates made new highs this week, with the national average on a 30-year, fixed-rate mortgage breaking above 8% for the first time in over 23 years.
- Inflation expectations also rose this week, with U.S. Treasury breakevens moving higher across the curve. The move higher was most acute at the front end of the curve, with the yield on the 1-year breakeven rising over 0.7%.

International Equities

- Global stocks fell as investor sentiment soured following Hamas's attack on Israel. Investors remain focused on monitoring the diplomatic efforts to defuse the crisis while also assessing new economic and earnings data.
- Foreign developed markets fell this week, with losses seen across European and Pacific markets. European stocks sold off this week as Middle East tensions sent oil prices higher. Additionally, several of the largest European growth companies reported disappointing financial results, dampening returns in the broad market and growth stock indexes.
- Emerging markets wiped out last week's gains as the major markets across Asia and Latin America tumbled. Chinese stocks fell this week to levels that almost erased all the gains seen during its massive reopening rally that took off late last year, as persistent concerns about the health of the property sector are dampening investor sentiment.

Economics

- The Census Bureau reported monthly retail sales increased 0.7% totaling \$705 billion, well above expectations of a 0.1% increase. All major categories increased in the month.
- The Federal Reserve's Industrial Production and Capacity Utilization report indicated industrial production increased 0.3% in September. Output rose 0.4% and utilization increased 0.2%.
- The Department of Labor reported initial claims for unemployment were 198,000 for the week ending October 14, the lowest level since the week ending January 21, 2023. The four-week moving average of claims declined to 205,750.
- The first estimate of third quarter GDP will be released on Thursday. Consumer spending and personal income will be released on Friday.

Weekly Market Update

For Week Ending October 20, 2023

Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	33,127.28	-1.6%	1.7%	11.6%
S&P 500 Index	4,224.16	-2.4%	11.5%	17.2%
NASDAQ	12,983.81	-3.2%	24.9%	23.4%
S&P 400 Midcap Index	2,393.28	-2.0%	-0.2%	7.5%
S&P 600 Smallcap Index	1,093.47	-1.7%	-4.2%	1.1%
MSCI EAFE	6,805.30	-2.6%	3.4%	18.6%
MSCI Emerging Markets	480.97	-2.7%	-1.0%	9.9%
Bloomberg US Agg	1,984.56	-1.7%	-3.1%	1.3%
Bloomberg Municipal 5 Yr	463.40	-0.6%	-1.1%	1.3%
Bloomberg US Corporate	2,901.38	-2.1%	-2.3%	3.9%
Bloomberg Glb Agg ex US Hdg	533.82	-0.7%	2.4%	3.4%
Bloomberg High Yield	2,271.41	-1.2%	3.9%	7.6%
MSCI US REIT Index	1,785.04	-3.8%	-6.8%	-0.3%
Bloomberg Commodity Index	240.39	0.6%	-2.2%	-0.2%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	5.50%	5.50%	4.50%	3.25%
3-Month Treasury	5.45%	5.48%	4.34%	3.96%
1-Year Treasury	5.38%	5.38%	4.69%	4.60%
2-Year Treasury	5.07%	5.05%	4.43%	4.61%
5-Year Treasury	4.86%	4.64%	4.00%	4.44%
7-Year Treasury	4.92%	4.65%	3.97%	4.35%
10-Year Treasury	4.91%	4.61%	3.87%	4.23%
30-Year Treasury	5.08%	4.75%	3.96%	4.22%

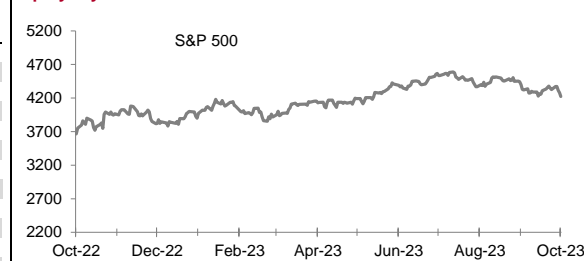
	Last Price/Yield	Prior Week	Year End	Year Ago
Consumer Rates				
30-Year Mortgage	8.01%	7.80%	6.66%	5.83%
Prime Rate	9.25%	9.25%	8.25%	7.00%
SOFR	5.30%	5.31%	4.77%	3.03%

	Last Price	Prior Week	Year End	Year Ago
Commodities				
Gold	1,981.40	1,932.82	1,824.02	1,628.02
Crude Oil (WTI)	88.08	86.35	80.26	74.81
Gasoline	3.55	3.61	3.21	3.82
Natural Gas	2.90	3.24	4.48	5.19
Copper	3.56	3.57	3.81	3.38

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	18.11	19.03	4.30	2.16
S&P 500	19.06	19.21	4.02	1.69
S&P 500 Value	16.47	17.02	2.66	2.19
S&P 500 Growth	21.86	22.03	7.20	1.26
NASDAQ	27.87	31.46	5.25	0.87
S&P Midcap 400	14.26	13.04	2.05	2.24
S&P Smallcap 600	12.70	12.29	1.58	2.00
MSCI EAFE	12.64	11.95	1.59	3.50
MSCI Emerging Markets	12.83	12.98	1.48	3.22

Source: Bloomberg

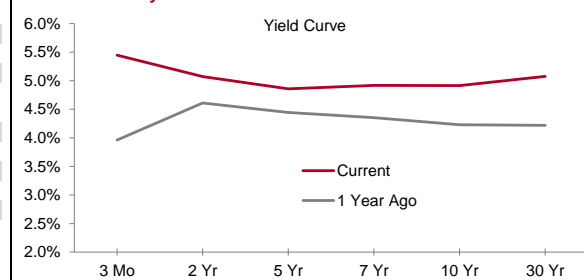
Equity Style



1 Month*			Year to Date*			
Value	Core	Growth	Value	Core	Growth	
Large	-5.13	-3.94	-2.95	5.29	11.45	17.09
Mid	-6.90	-5.86	-5.05	-3.61	-0.21	2.94
Small	-6.90	-6.13	-5.36	-6.09	-4.17	-2.32

*S&P Indices

Fixed Income Style



1 Month*			Year to Date*			
Short	Interm.	Long	Short	Interm.	Long	
Govt	0.46	-0.60	-9.46	1.92	-0.17	-13.41
Corp	0.17	-4.12	-8.11	2.36	-2.60	-7.37
HY	-0.98	-2.64	-5.87	6.48	4.03	-0.32

*Bloomberg Indices.

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	3.7%	8.2%
CPI Core Inflation	4.1%	6.6%
Personal Consumption Exp (PCE) Core	3.9%	5.2%

	Last Release	Year Ago
Jobs		
Unemployment Rate (U3)	3.8%	3.5%
Broader Unemployment Rate (U6)	7.0%	6.7%
JOLT Survey (in millions)	9.61	10.20
Jobless Claims (000's)	198	198
Change in Non-Farm Payroll (000's)	336	350
Average Hourly Earnings (Y/Y % Change)	4.2%	5.1%

	Last Release	Year Ago
Consumer & Spending		
Consumer Confidence (Conf Board)	103.0	107.8
Consumer Spending (\$ Bil)	18,727	17,692
Consumer Credit (\$ Bil)	4,969	4,779
Retail Sales (\$ Bil)	705	679

	Last Release	Year Ago
Housing		
Housing Starts (000's)	1,358	1,463
Case-Shiller Home Price Index	310.16	307.14

	Last Release	Year Ago
U.S. Productivity		
Real Gross Domestic Product (\$ Bil)	22,225	21,708
Quarter over Quarter Change	2.1%	-0.6%
Year Over Year Change	2.4%	1.9%
ISM Manufacturing	49.00	51.00
Capacity Utilization	79.68	80.84
Markit US Composite PMI	50.20	49.50

	Last Release	Year Ago
U.S. General		
Leading Economic Indicators	104.6	113.5
Trade Weighted Dollar Index	124.0	127.7
EUR / USD	1.06	0.98
JPY / USD	149.86	150.15
CAD / USD	0.73	0.73
AUD / USD	0.63	0.63

S&P 500 Sector Returns

	1 Month	YTD
Communication Services	0.77%	43.88%
Information Technology	-1.43%	34.60%
Consumer Discretionary	-9.11%	19.90%
Energy	-0.35%	5.59%
Industrials	-4.90%	1.81%
Material	-5.96%	-1.64%
Financials	-6.60%	-4.45%
Health Care	-2.66%	-4.56%
Consumer Staples	-5.76%	-6.78%
Real Estate	-9.15%	-9.09%
Utilities	-9.46%	-15.72%

© 2023 BOK Financial Corp. Services provided by BOKF, NA, Member FDIC. BOKF, NA is the banking subsidiary of BOK Financial Corporation. BOK Financial Corporation (BOKF) offers wealth management and trust services through various affiliate companies and non-bank subsidiaries including advisory services offered by BOKF, NA and its subsidiary Cavanaugh Hill Investment Management, Inc., an SEC registered investment adviser. BOKF offers additional investment services and products through its subsidiary BOK Financial Securities, Inc., a broker/dealer, member FINRA/SIPC, and an SEC registered investment adviser and BOK Financial Private Wealth, Inc., also an SEC registered investment adviser. The information in the report was prepared by (SIA) Strategic Investment Advisors of BOKF, NA which is a division of BOK Financial Corporation.

This report is not to be considered a recommendation of any particular security, strategy or investment product, nor is it intended to provide personal investment advice. It does not take into account any specific investment objectives, financial situations, or particular needs of any specific person who may receive this report. The information provided in this presentation is for informational purposes only and is not an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction. Investors should seek financial advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed in this report and should understand that statements regarding future prospects may not be realized. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed.

Investments are not insured by the FDIC and are not guaranteed by any bank or bank affiliate. Investments are subject to risks, including the possible loss of the principal amount invested. This report may not be reproduced, redistributed, retransmitted or disclosed, or referred to in any publication, in whole or in part, or in any form or manner, without the express written consent of BOKF. Any unauthorized use or disclosure is prohibited.

Disclosures



The information provided herein was prepared by the Investment Management team of BOKF, NA. BOKF, NA is the bank subsidiary of BOK Financial Corporation (BOKF), a financial services holding company (NASDAQ:BOKF). BOKF offers trust and wealth management services through its subsidiaries including BOKF, NA (and its banking divisions Bank of Oklahoma, Bank of Texas, Bank of Albuquerque, and BOK Financial) and investment advisory services through its non-bank subsidiaries, Cavanal Hill Investment Management, Inc., and BOK Financial Private Wealth, Inc., each an SEC registered investment adviser, and BOK Financial Securities, Inc., also an SEC registered investment adviser and registered broker/dealer, member FINRA/SIPC (each an "Investment Affiliate") (collectively, "BOKF"). Distribution of this document is intended for informational purposes. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. The opinions expressed herein reflect the judgment of the author(s) as of the date prepared and are subject to change without notice and are not a complete analysis of any sector, industry, or security regardless of the date on which the reader may receive or access the information. The information provided is intended to be educational in nature and not advice relative to any investment or portfolio offered through an Investment Affiliate, and does not constitute any form of regulated financial, legal, or tax advice, or other regulated financial service. The content provided herein is not a solicitation for the investment management services of any Investment Affiliate, nor is it intended to constitute a recommendation for, or advice to, any specific person on behalf of any Investment Affiliate, as it does not take into account the financial objectives, situation, or needs of any specific person. This information is provided on the understanding that the recipient has sufficient knowledge and experience to be able to understand and make their own evaluation of said content, any risks associated therewith, and any related legal, tax, accounting, or other material considerations. Recipients should not solely rely on this material in making any future investment decision. To the extent that the recipient has any questions regarding the applicability of any specific issue discussed above to their specific portfolio or situation, they are encouraged to consult with a qualified lawyer, accountant, or financial professional.

This document may contain forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates, and projections, the securities and credit markets and the economy in general. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "plans," "projects," variations of such words and similar expressions are intended to identify such forward-looking statements. Management judgments relating to and discussion of the value and potential future value or performance of any security, group of securities, type of security or market segment involve judgments as to expected events and are inherently forward-looking statements. These statements are not guarantees of future performance. Likewise, past performance is not a guarantee of future results. This content is prepared for the use of the Investment Affiliates and their clients and prospective clients, and may not be reproduced, redistributed, retransmitted or disclosed, or referred to in any publication, in whole or in part, or in any form or manner, without the express written consent of BOKF or BOKF, NA. Any unauthorized use or disclosure is prohibited. Receipt and review of this document constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein. This report should not be distributed without the attached disclosures, and is considered incomplete if the disclosures are not attached.

*This chart is for illustrative purposes only and not indicative of any actual investment.

Asset allocation, diversification, and rebalancing do not ensure a profit or protect against loss in declining markets. Investing involves risks, including possible loss of principal, and there is no guarantee that investment objectives will be achieved.

BOK Financial® is a trademark of BOKF, NA. Member FDIC. Equal Housing Lender. 2023 BOKF, NA.

INVESTMENT AND INSURANCE PRODUCTS ARE: NOT FDIC INSURED | NOT GUARANTEED BY THE BANK OR ITS AFFILIATES | NOT DEPOSITS | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | MAY LOSE VALUE