

Capital Markets Strategy

Essential insights for the C-Suite



Global Markets in Q3 2023

The Move Higher in Rates, Volatility & Oil Prices

SEP 2023

**"It takes no more time to
see the good side of life,
than to see the bad."**

Jimmy Buffett, prolific American
musician-singer-songwriter (1946 - 2023)



Global Corporate & Investment Banking Capital Markets Strategy Team



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Markets in Q3 2023

Annual relative total returns, USD markets

2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD 2023	Q3 2023
S&P 500 13.7%	Munis 3.6%	High Yield 17.5%	S&P 500 22.3%	Munis 1.0%	S&P 500 31.5%	S&P 500 18.4%	S&P 500 28.7%	Loans (-0.6%)	S&P 500 13.1%	Loans 3.6%
Munis 9.8%	Mortgages 1.5%	S&P 500 12.0%	EM Sov 10.0%	Mortgages 1.0%	High Yield 14.4%	High Grade 9.8%	Loans 5.4%	Munis (-9.0%)	Loans 10.4%	High Yield 0.5%
High Grade 7.5%	S&P 500 1.4%	Loans 10.4%	High Yield 7.5%	US Gov't 0.8%	EM Sov 14.3%	US Gov't 8.2%	High Yield 5.4%	High Yield (-11.2%)	High Yield 6.0%	EM Sov (-2.7%)
EM Sov 7.3%	US Gov't 0.8%	EM Sov 9.5%	High Grade 6.5%	Loans 0.6%	High Grade 14.2%	High Yield 6.2%	Munis 1.8%	Mortgages (-11.9%)	EM Sov 1.9%	High Grade (-2.7%)
Mortgages 6.1%	EM Sov 0.6%	High Grade 6.0%	Munis 5.4%	High Grade (-2.2%)	Loans 8.7%	Munis 5.3%	High Grade (-1.0%)	US Gov't (-12.9%)	High Grade 0.4%	S&P 500 (-3.3%)
US Gov't 6.0%	Loans 0.1%	Mortgages 1.7%	Loans 4.6%	High Yield (-2.3%)	Munis 7.7%	EM Sov 4.8%	Mortgages (-1.2%)	High Grade (-15.4%)	Munis (-1.1%)	US Gov't (-3.3%)
High Yield 2.0%	High Grade (-0.6%)	US Gov't 1.1%	Mortgages 2.4%	S&P 500 (4.4%)	US Gov't 7.0%	Mortgages 4.1%	US Gov't (-2.4%)	S&P 500 (-18.1%)	US Gov't (-1.8%)	Munis (-3.8%)
Loans 1.8%	High Yield (-4.6%)	Munis 0.4%	US Gov't 2.4%	EM Sov (-4.6%)	Mortgages 6.5%	Loans 3.5%	EM Sov (-2.6%)	EM Sov (-18.3%)	Mortgages (-2.2%)	Mortgages (-4.1%)

Source: (1) CreditSights. Bloomberg. Data as of September 29, 2023. BAML, S&P LSTA. Bloomberg EM Sov is USD EM Sovereign BBB & lower index.

A photograph of a paved road winding through a forest. The trees are covered in vibrant autumn foliage, with shades of orange, yellow, and red. The road is dark and leads into the distance, flanked by dense trees and fallen leaves. The overall atmosphere is serene and scenic.

1. Global Equity Markets

Market Volatility in Q3 2023

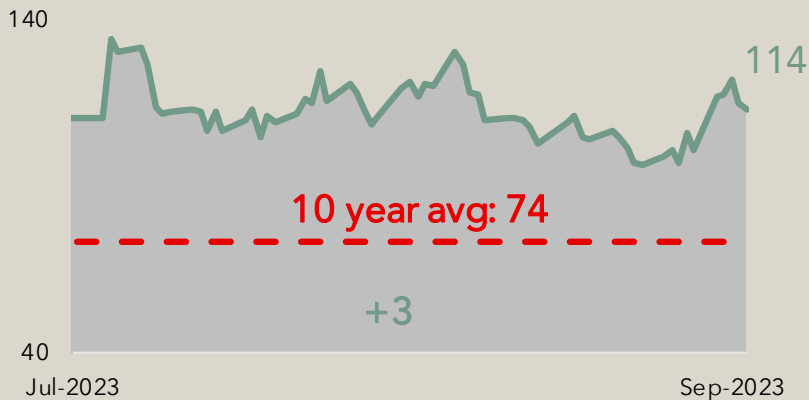
Equity volatility (VIX index)



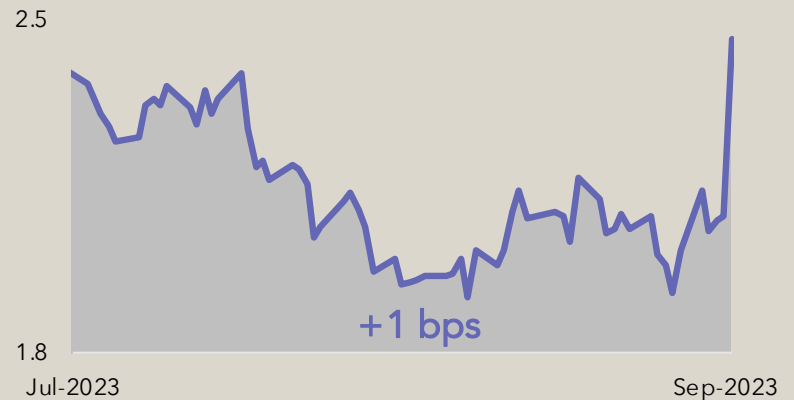
Oil volatility (OVX index)



Rates volatility (MOVE index)



US treasury illiquidity index

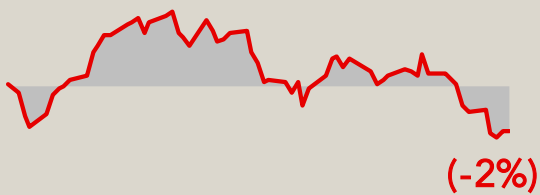


Source: (1-4) Bloomberg. Data as of September 29, 2023.



US Equity Markets in Q3 2023

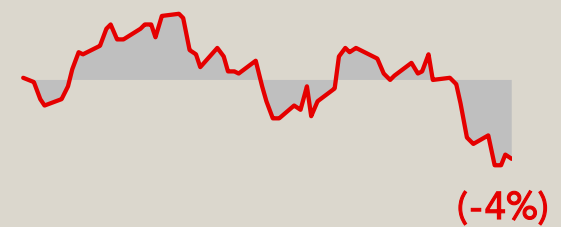
Dow Jones



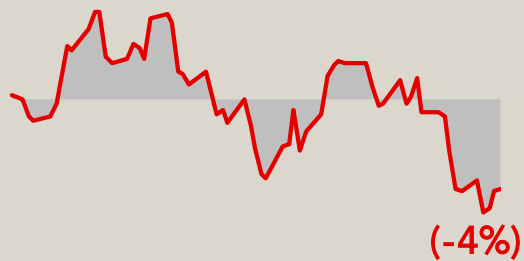
S&P 500 - Banks



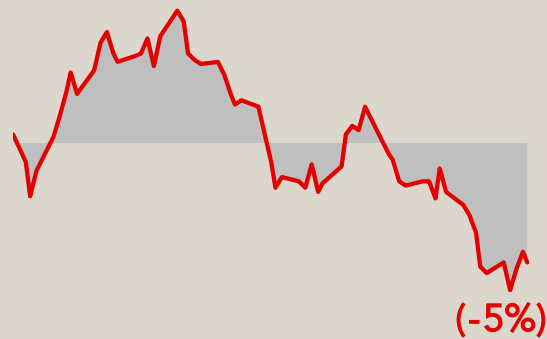
S&P 500



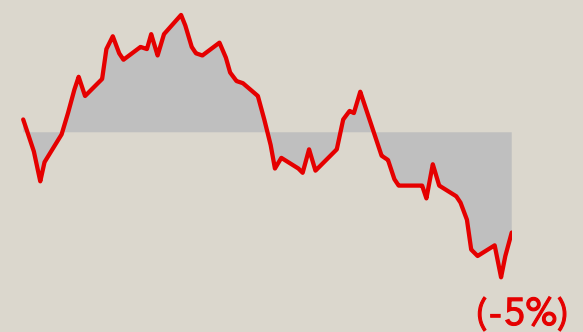
NASDAQ



Russell 2000



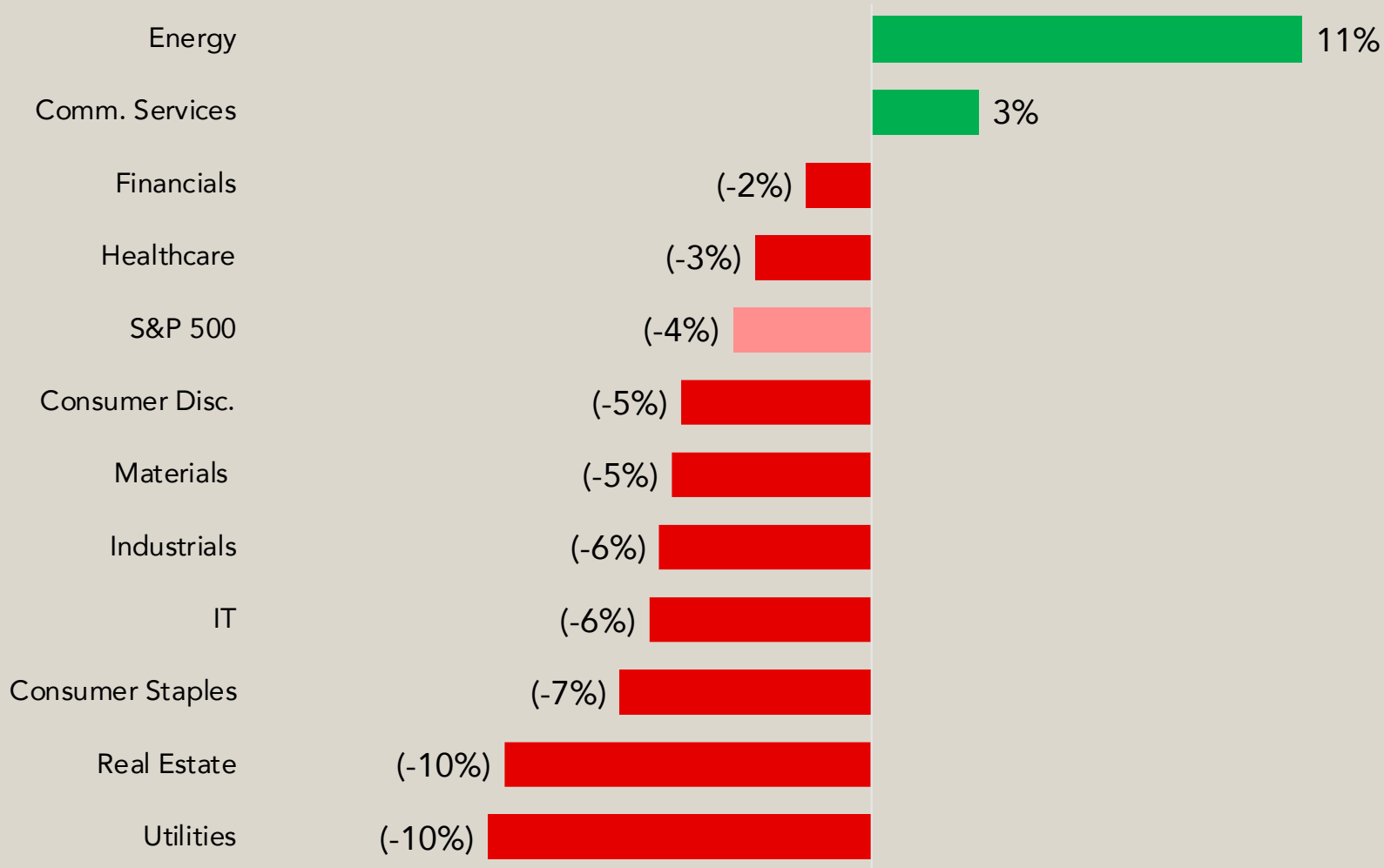
S&P 500 - Small Caps



Source: (1-6) Bloomberg. Data as of September 29, 2023



S&P 500 Performance, by Sector, in Q3 2023

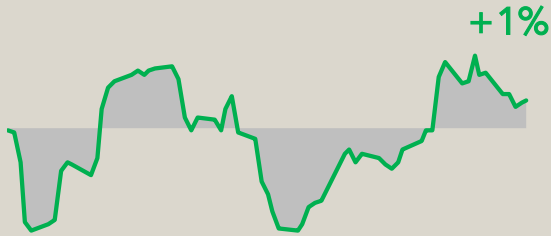


Source: (1) Bloomberg. Data as of September 29, 2023

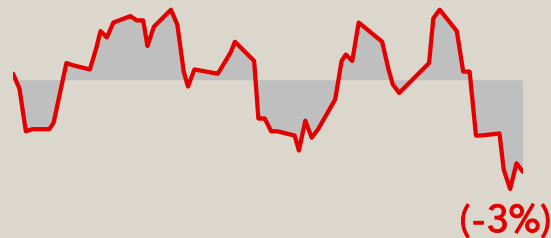
Developed Equity Markets in Q3 2023



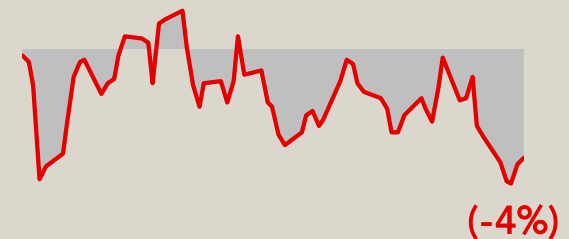
FTSE 100



S&P / TSX



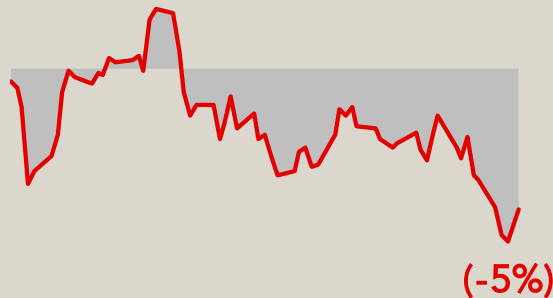
CAC 40



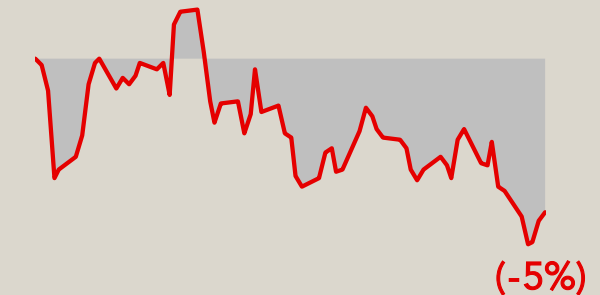
Nikkei 225



DAX



Euro Stoxx 50



Source: (1-6) Bloomberg. Data through September 29, 2023.

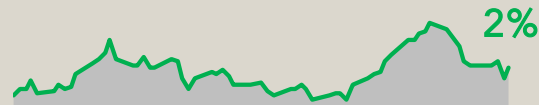
Emerging Equity Markets in Q3 2023



MOEX Russia Index



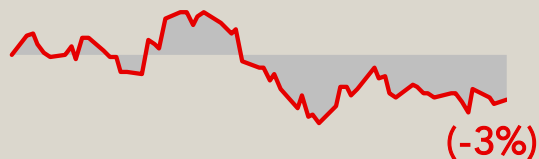
Nifty 50 (India)



Ibovespa (Brazil)



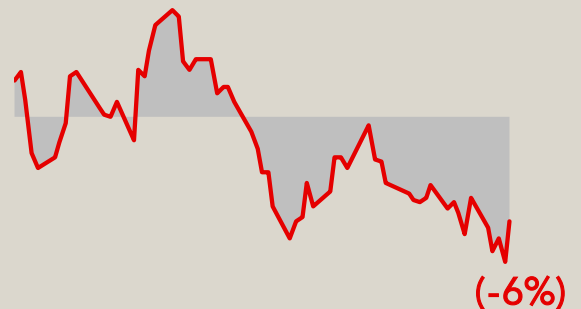
Shanghai Composite (China)



Bolsa (Mexico)

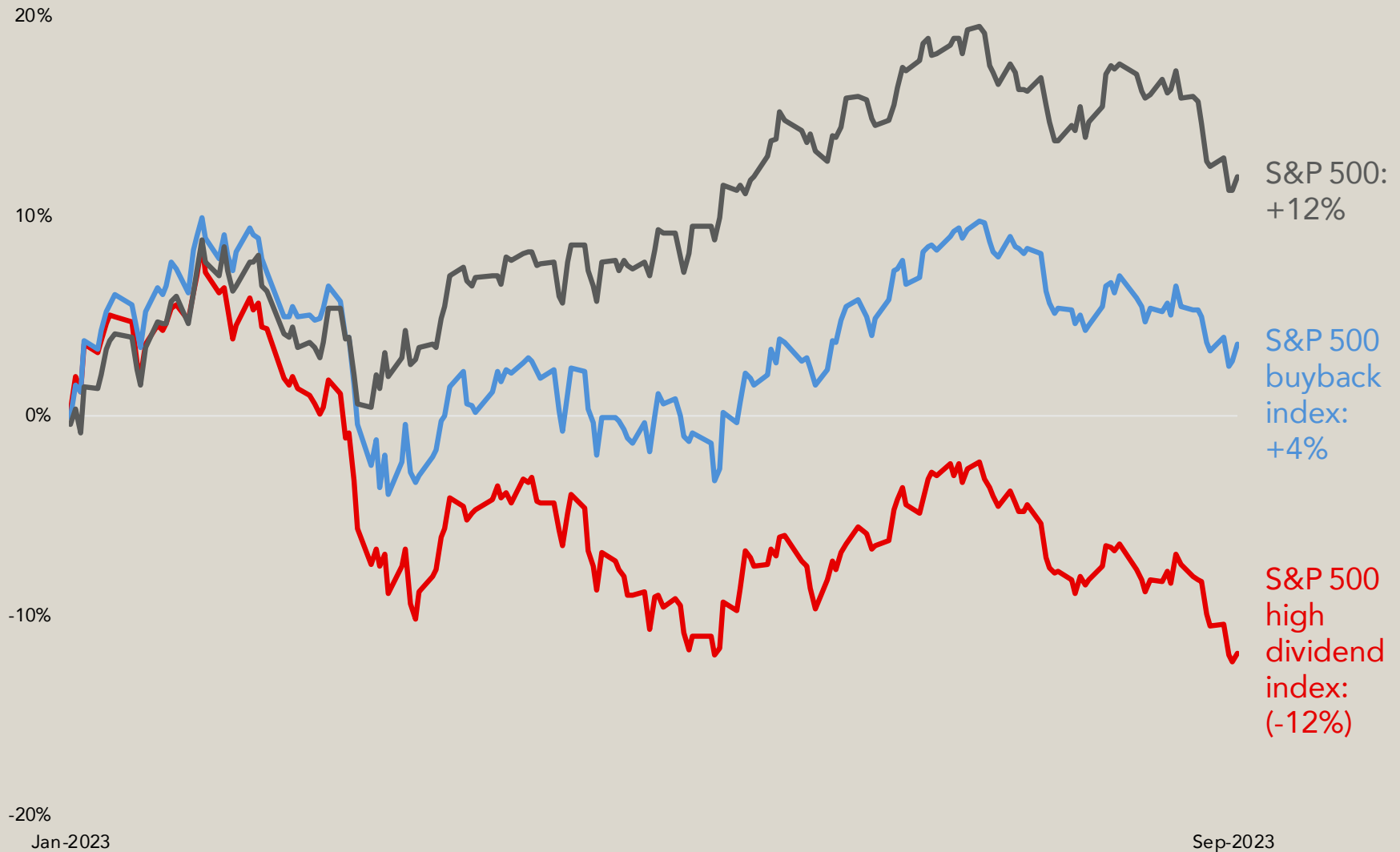


Hang Seng (Hong Kong)



Source: (1-6) Bloomberg. Data through September 29, 2023.

Buyback Stocks vs. Dividends in 2023 YTD

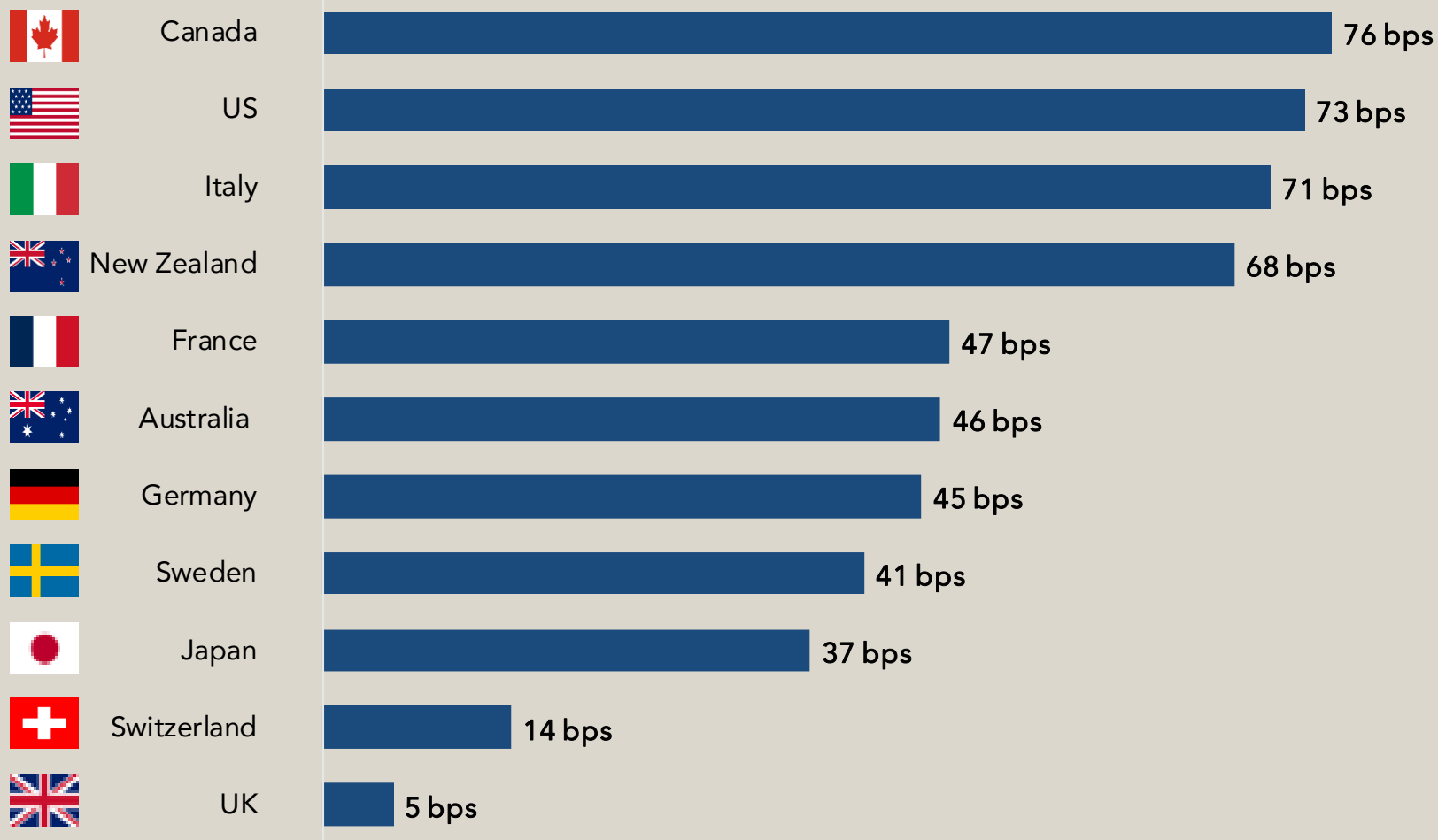


Source: (1) Bloomberg. Data through September 29, 2023.



2. Global Rates Markets

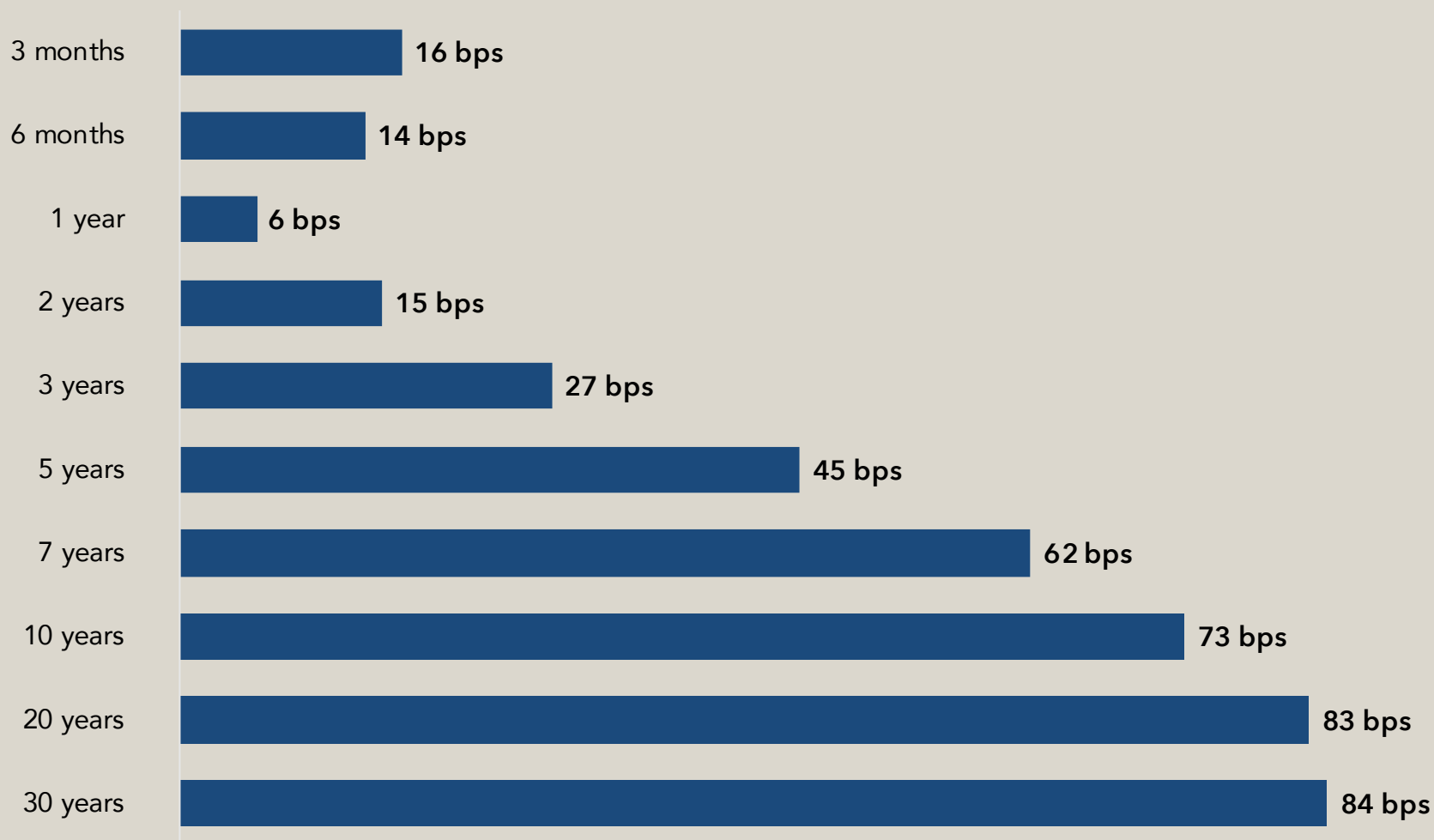
Change in Global 10 Yr Yields in Q3 2023



Source: (1) Bloomberg. Data through September 29, 2023.



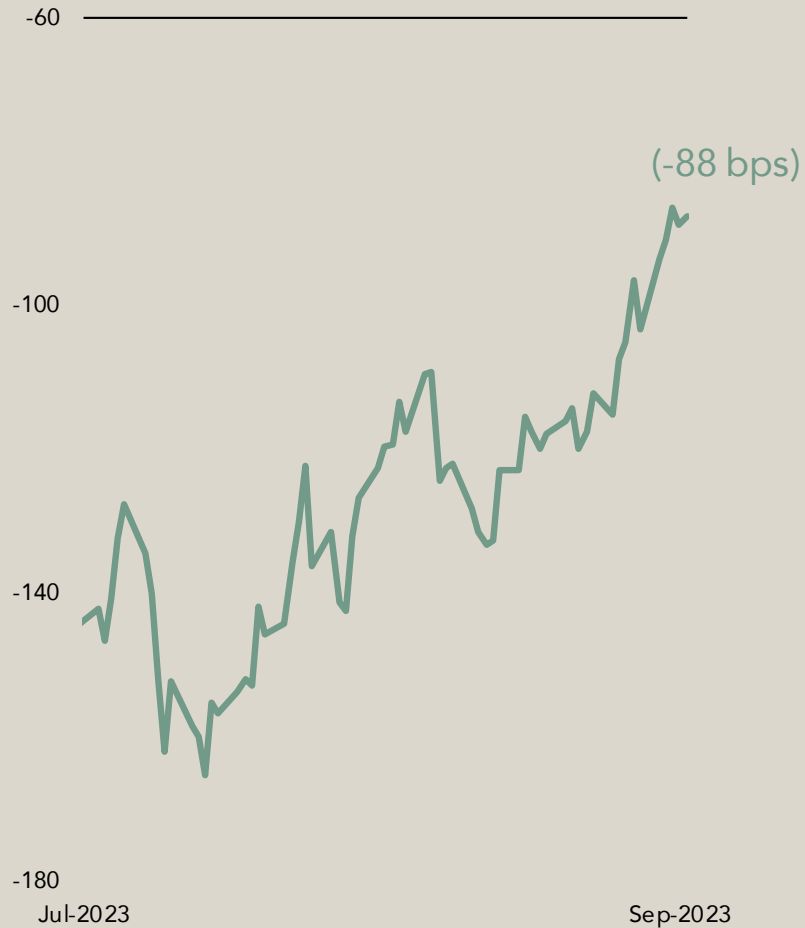
Change in UST Rates in Q3 2023



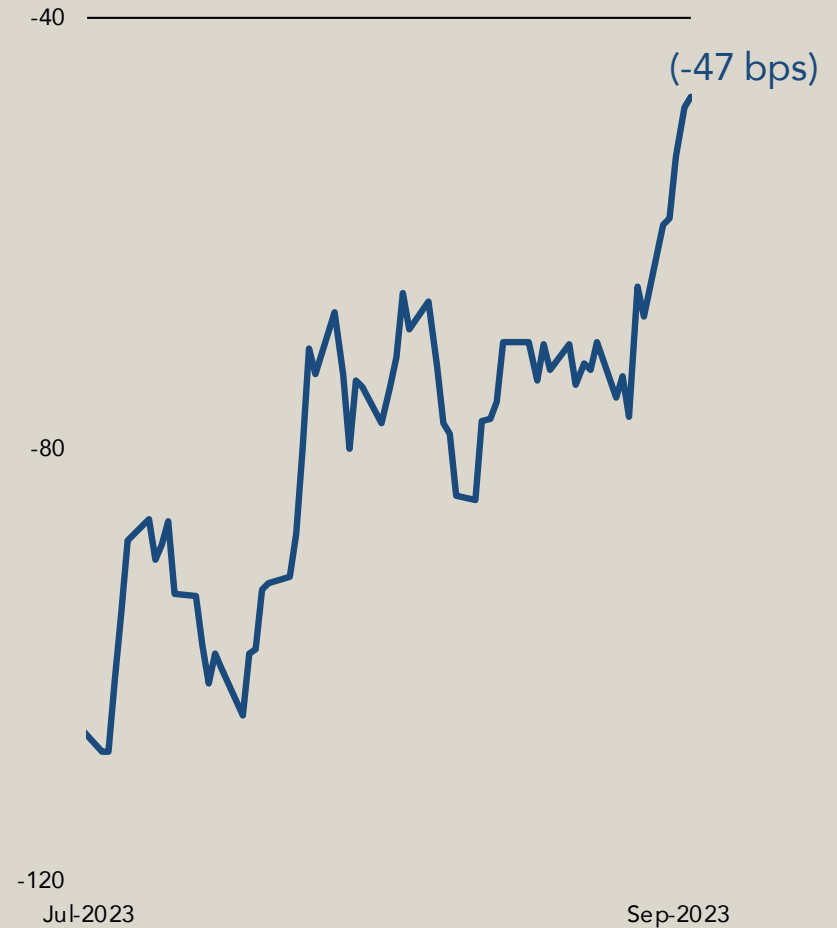
Source: (1) Bloomberg. Data as of September 29, 2023.

UST Yield Curves in Q3 2023

3M-10yr UST yield curve



2yr-10yr UST yield curve



Source: (1-2) Bloomberg. Data as of September 29, 2023.

US Mortgage Rates in Q3 2023

US 30 year mortgage rates over last 20 years (2002 - 2023)

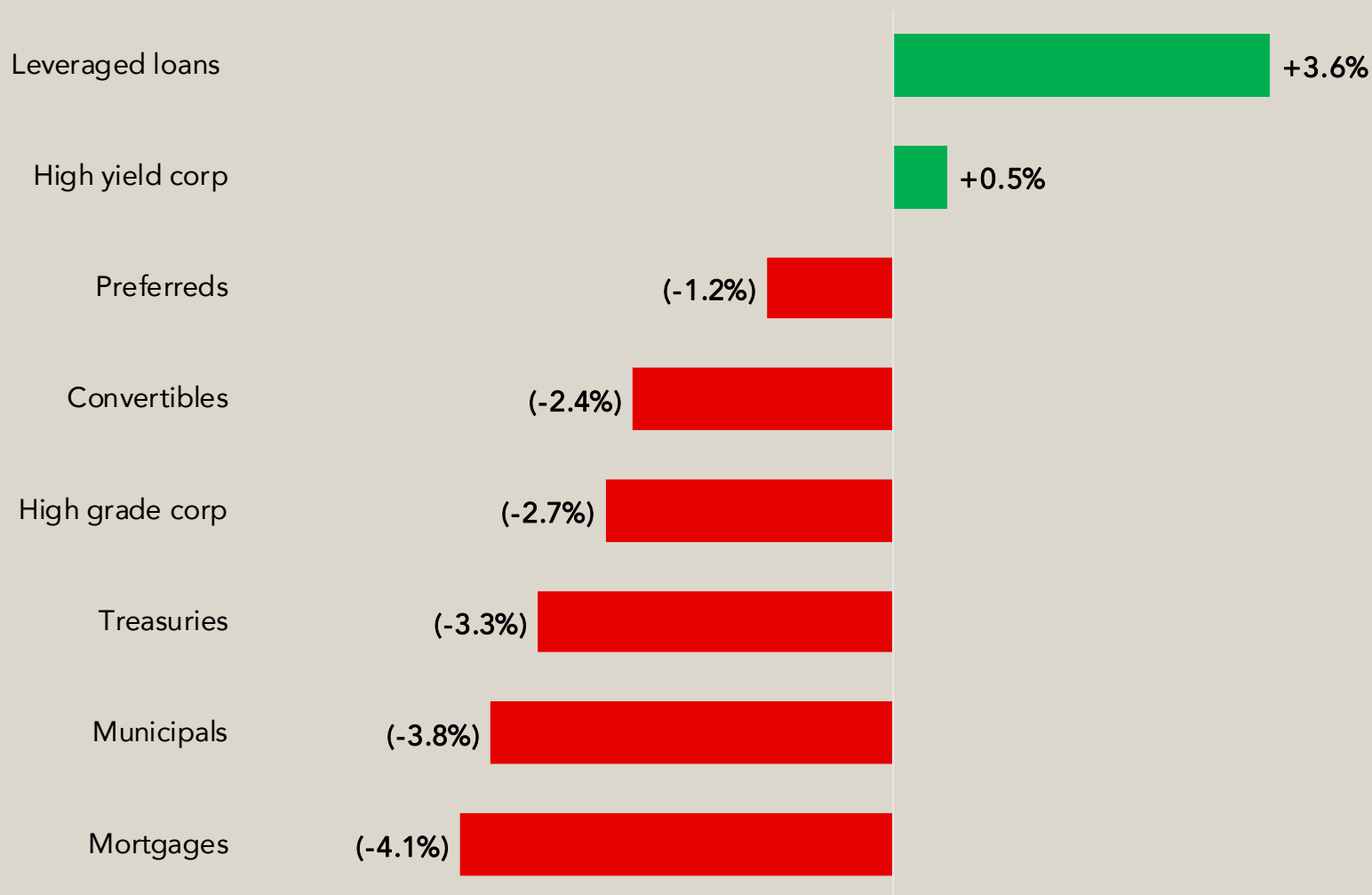


Source: (1) Bloomberg. Data as of September 29, 2023. 30 year mortgage rate index is the Bankrate.com US Home Mortgage 30 year Fixed National Average.



3. USD Credit Markets

Total Returns in Credit in Q3 2023

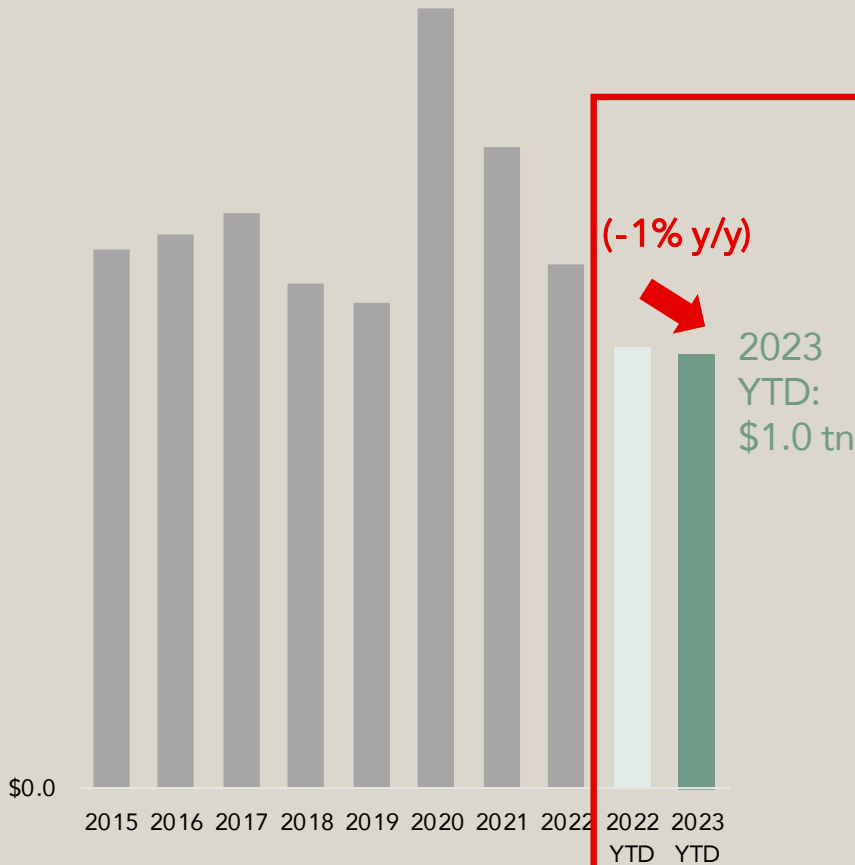


Source: (1) Bloomberg. Data through September 29, 2023.

USD New Issue Markets in 2023 YTD

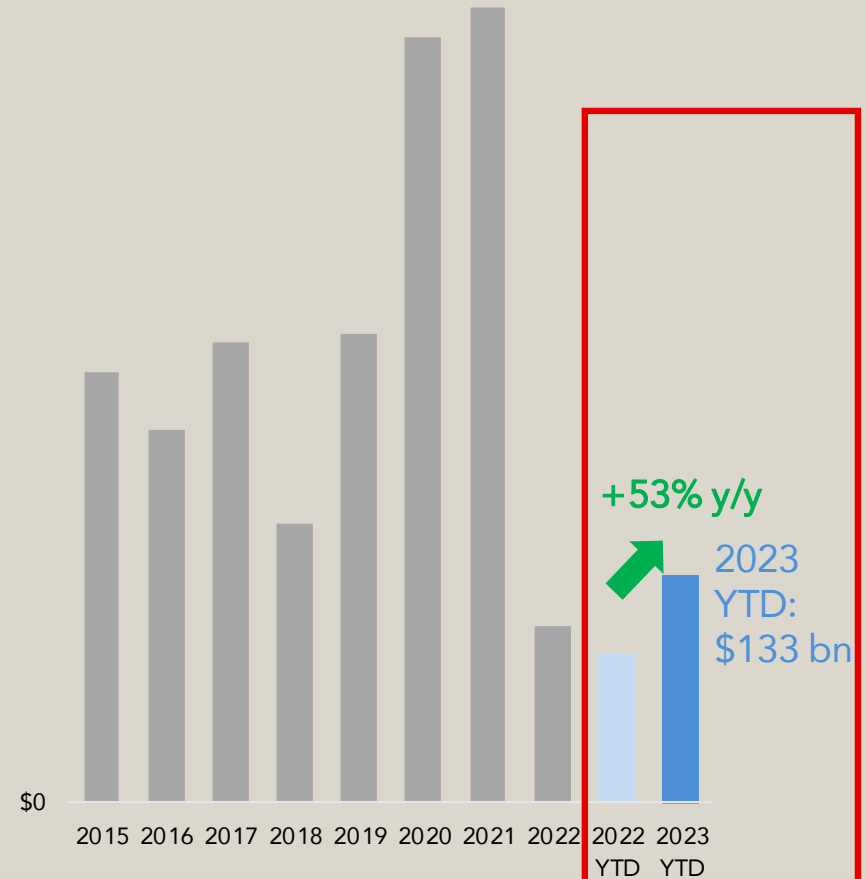
USD IG new issue, tn

\$2.0



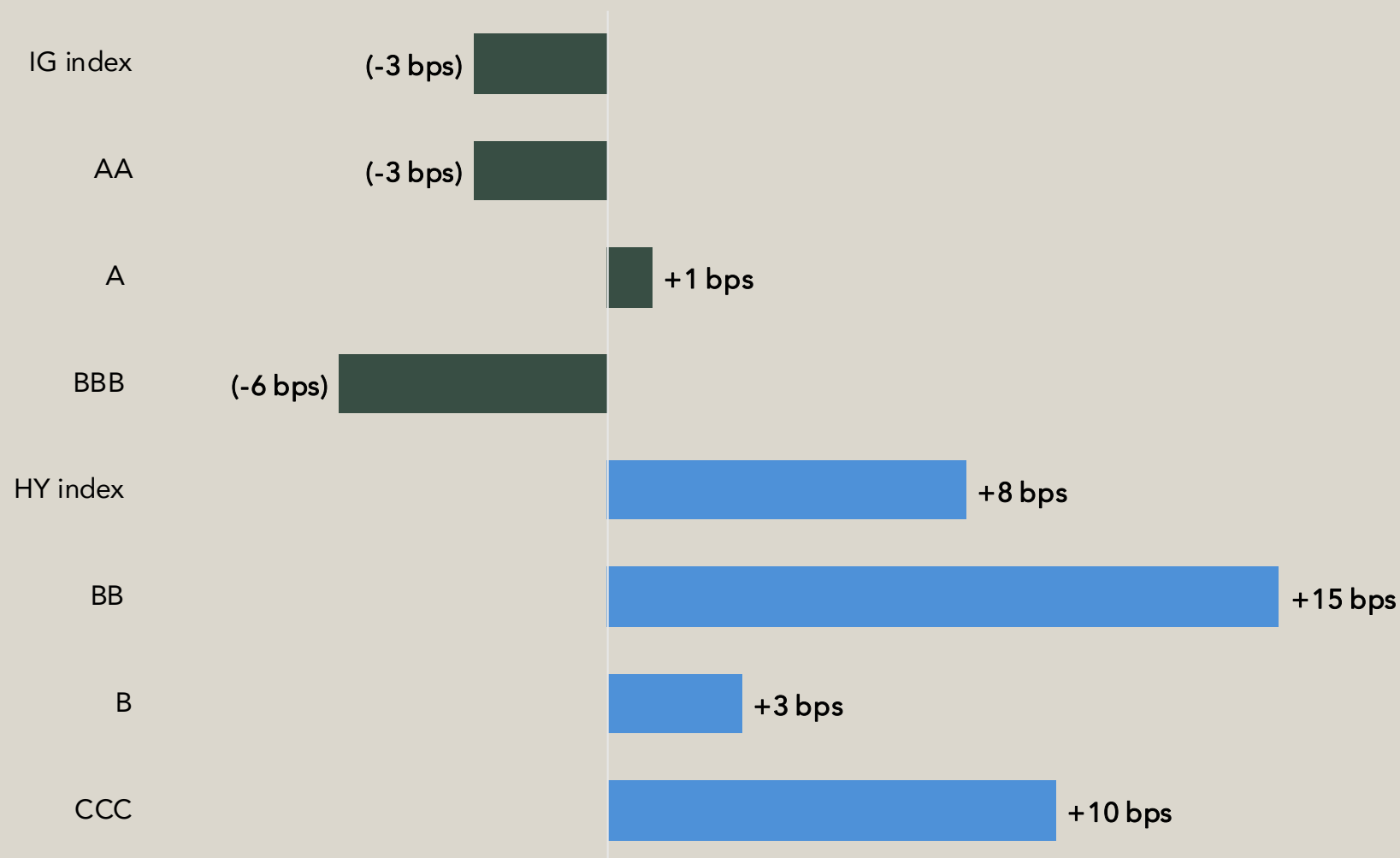
USD HY new issue, bn

\$500



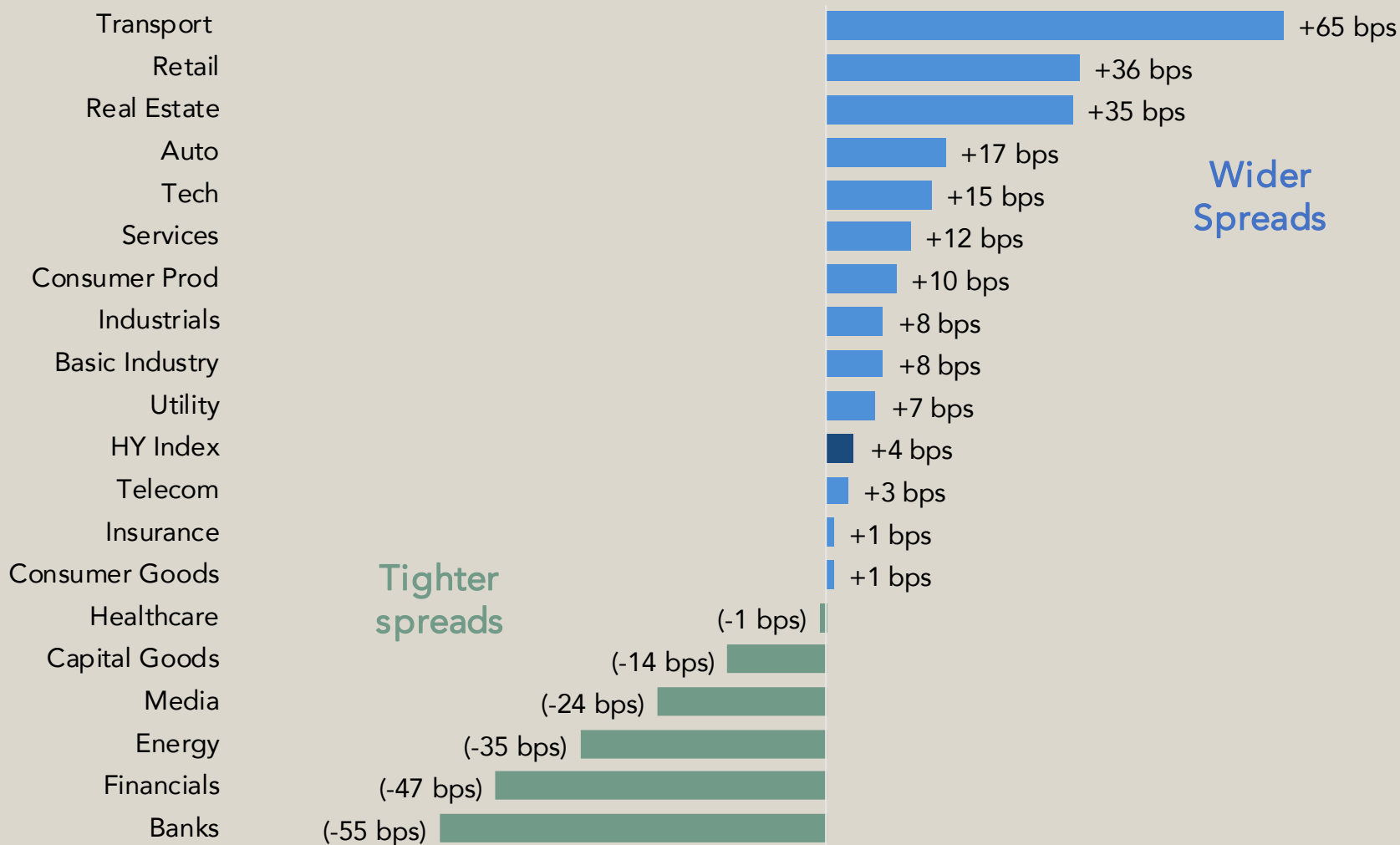
Source: (1-2) CFR. Data as of September 29, 2023.

Change in USD Credit Spreads in Q3 2023



Source: (1) Bloomberg. Data as of September 29, 2023.

Change in HY Spreads by sector in Q3 2023

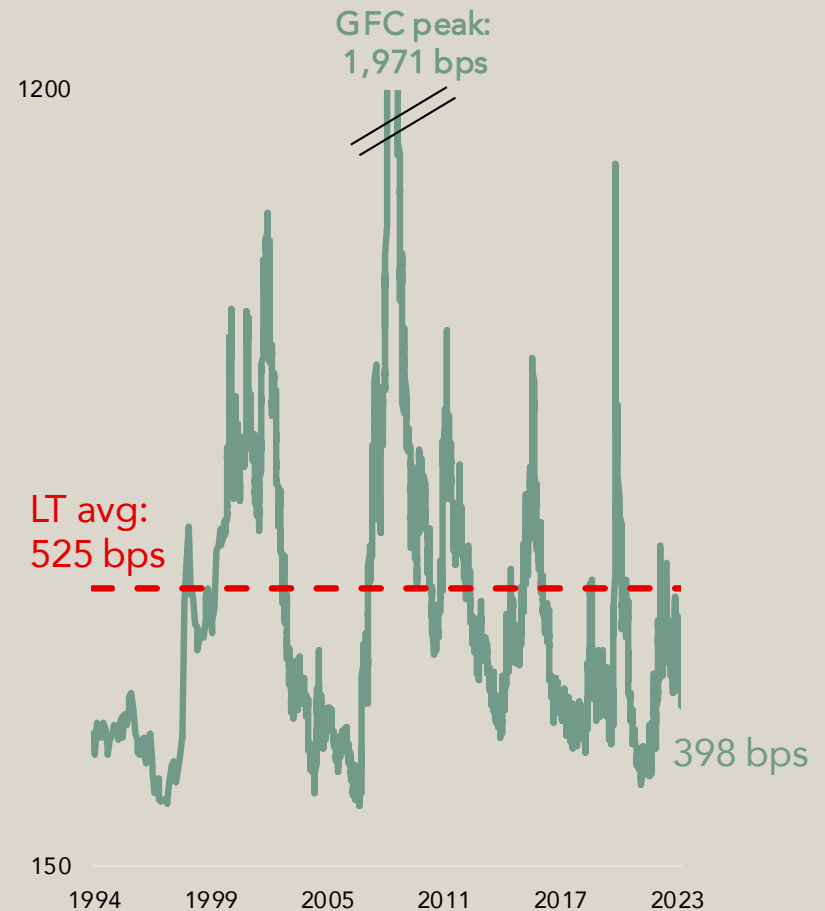
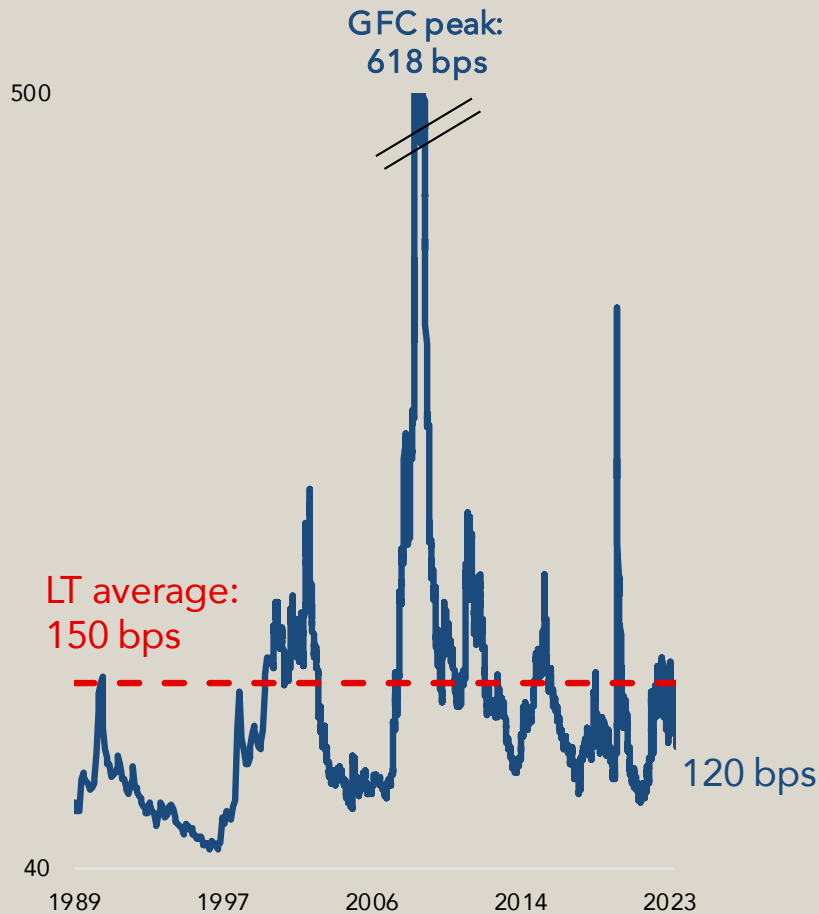


Source: (1) Bloomberg. Data through September 29, 2023. IFR.

USD Credit Spreads Below Long Term Average

USDIG OAS

USDHY OAS

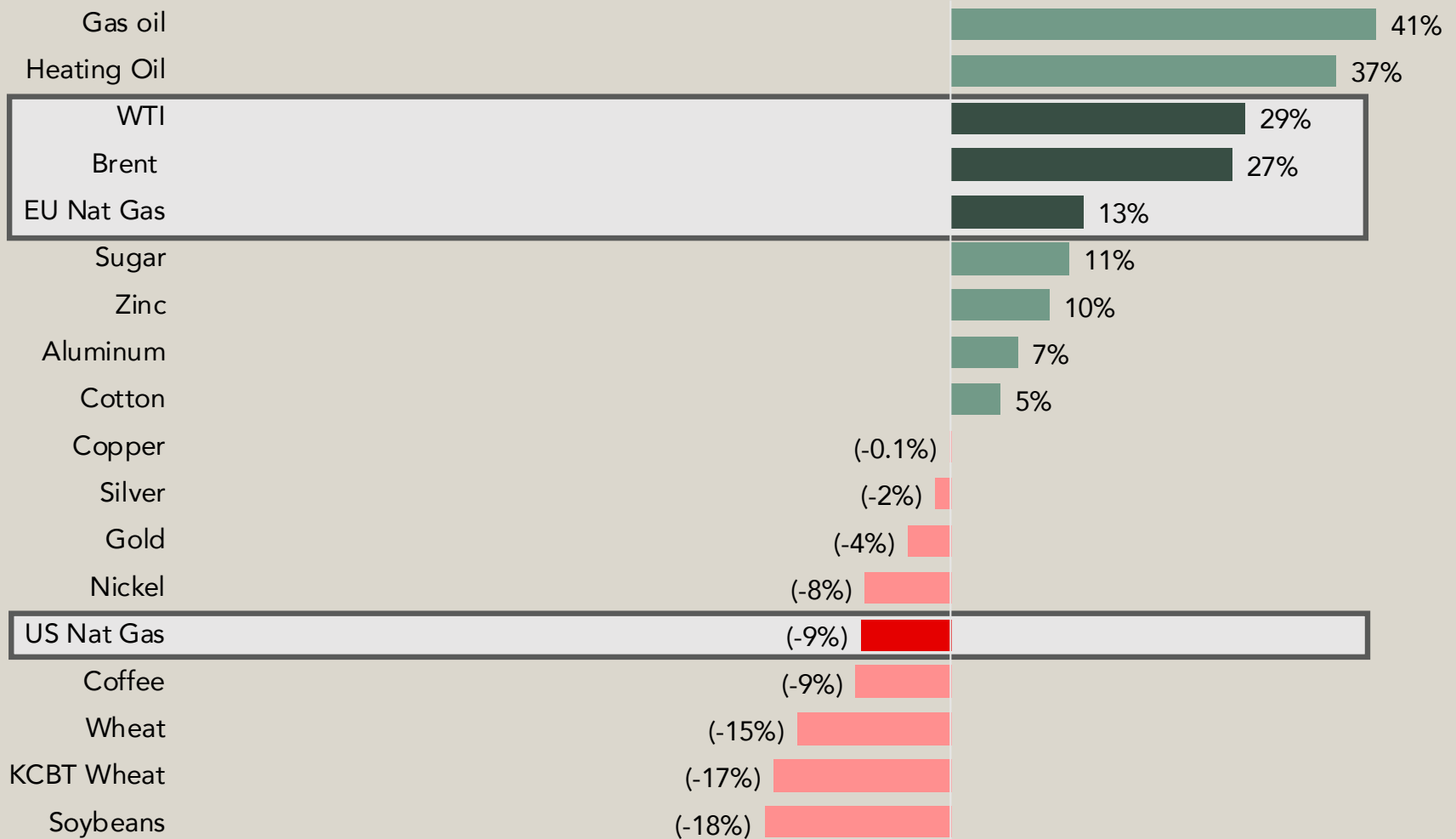


Source: (1-2) Bloomberg. Data as of September 29, 2023.



4. Global Commodity Markets

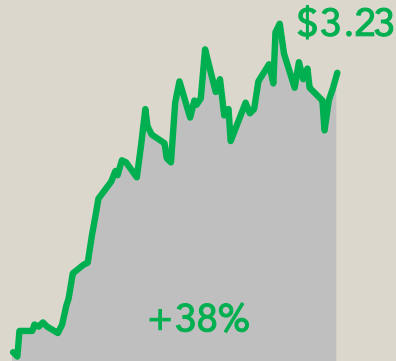
Commodity Market Performance in Q3 2023



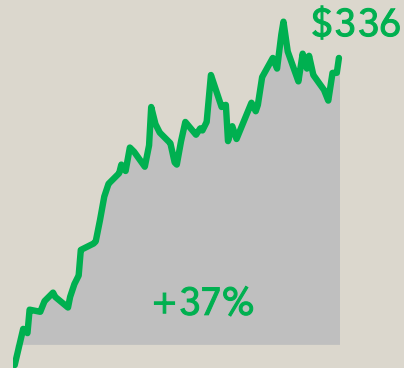
Source: (1) Bloomberg. Data through September 29, 2023.

Energy Markets in Q3 2023

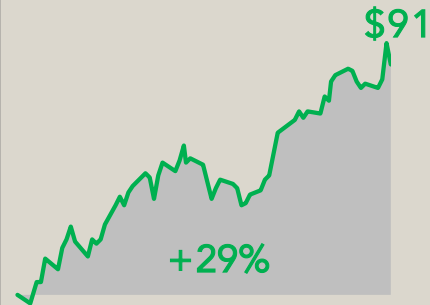
Jet fuel



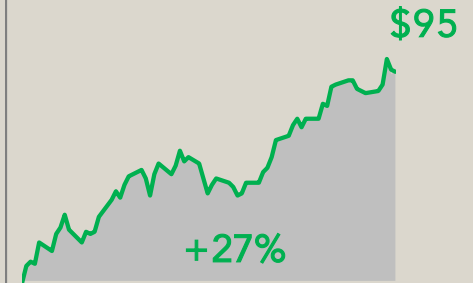
Heating oil



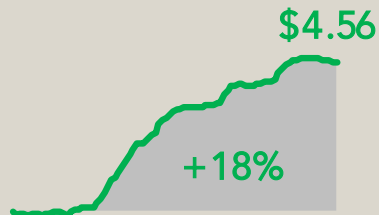
WTI



Brent



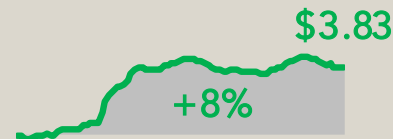
Diesel



European nat gas (TTF)



Gasoline



US nat gas



Source: (1-8) Bloomberg. Data through September 29, 2023. Euro and US natural gas axis is from (-40%) to 30%. All other graphs are from (-5%) - 45%.

Industrial Metals in Q3 2023

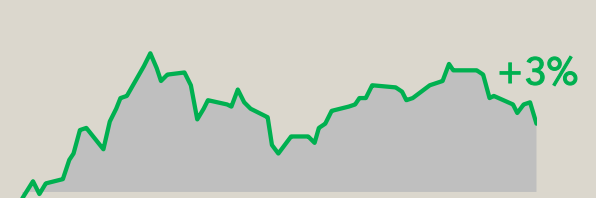
Aluminum



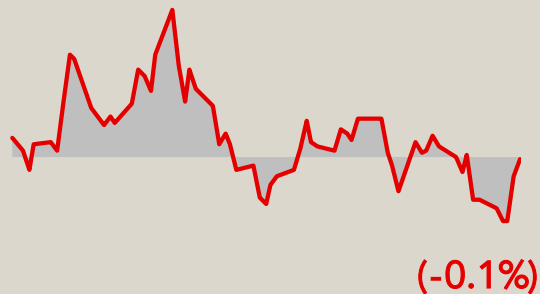
Palladium



BBG Commodity index



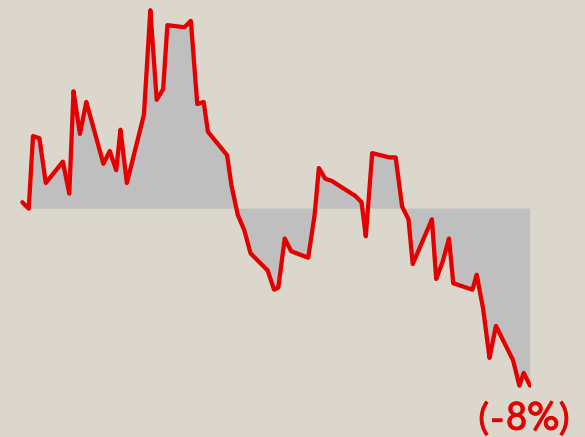
Copper



Steel



Nickel



Source: (1-6) Bloomberg. Data through September 29, 2023.

Agriculture in Q3 2023

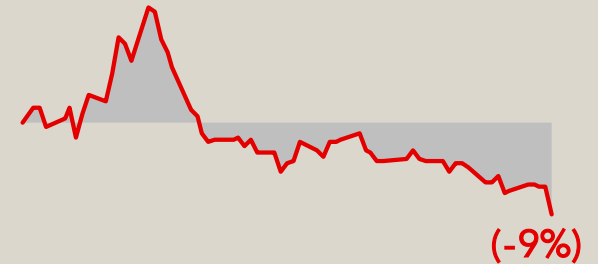
Palm oil



Agriculture index



Grains



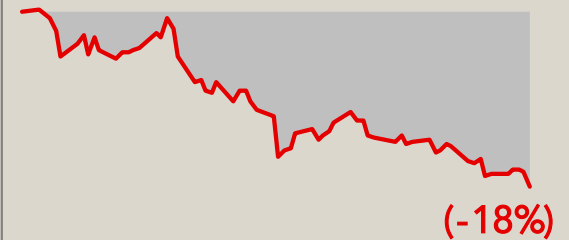
Corn



Wheat



Soybeans



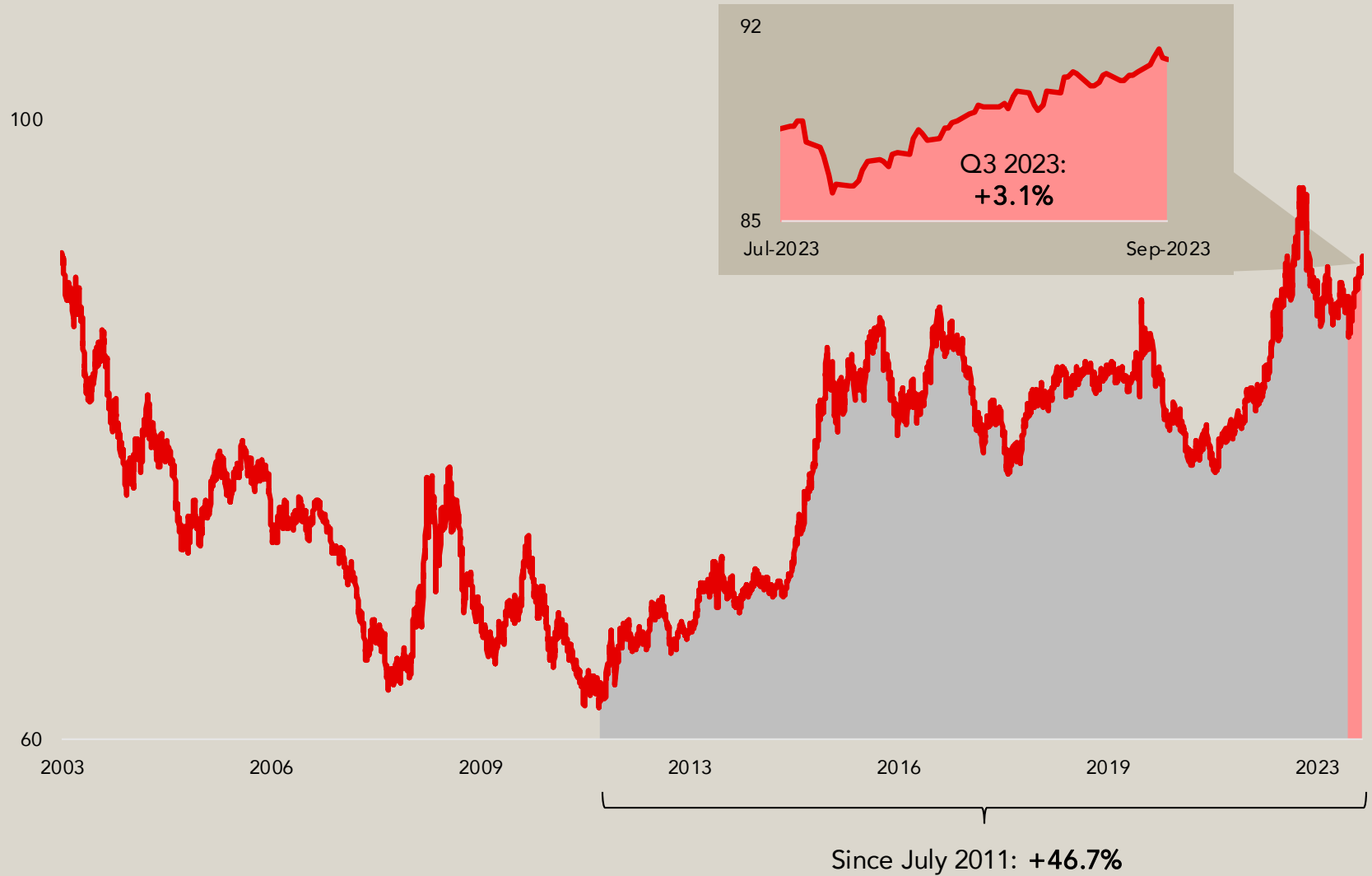
Source: (1-6) Bloomberg. Data through September 29, 2023.

A photograph of a paved road winding through a forest. The trees are covered in vibrant autumn foliage, with shades of orange, yellow, and red. The road is dark and leads into the distance, flanked by dense trees and fallen leaves. The overall atmosphere is serene and scenic.

5. Global FX Markets



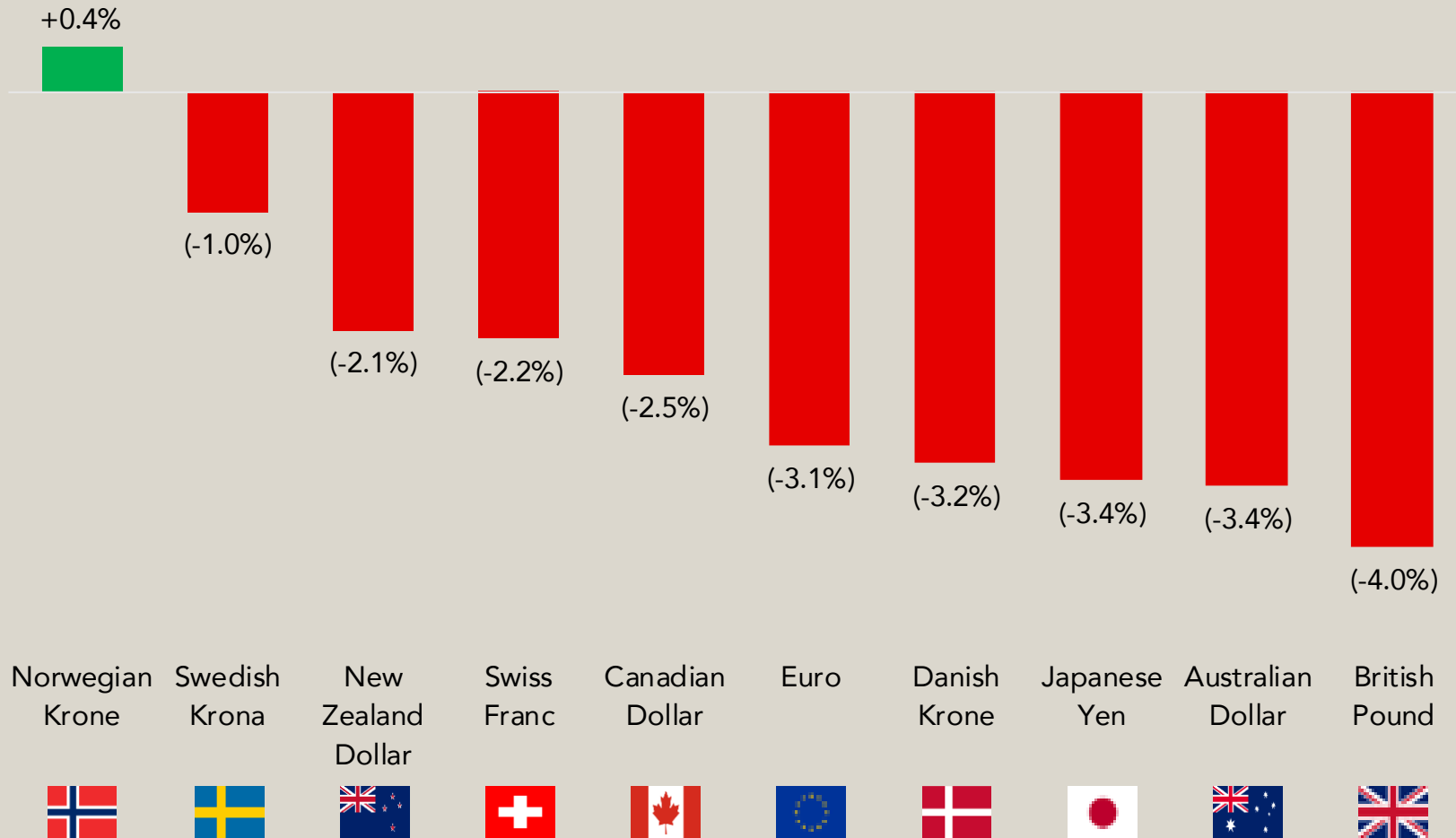
USD Index in Q3 2023



Source: (1) Bloomberg. Data as of September 29, 2023. USD index is trade-weighted.

G10 Currencies in Q3 2023

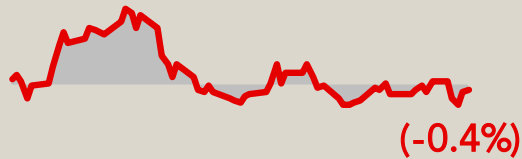
G10 currencies vs. USD



Source: (1) Bloomberg. Data through September 29, 2023.

EM Currencies in Q3 2023

 South Africa



 EMFX index



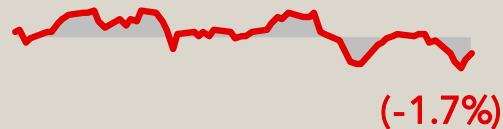
 China



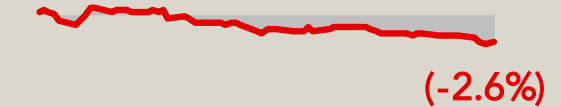
 India



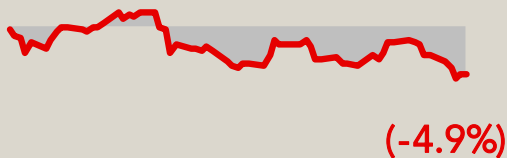
 Mexico



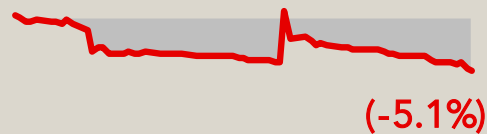
 Indonesia



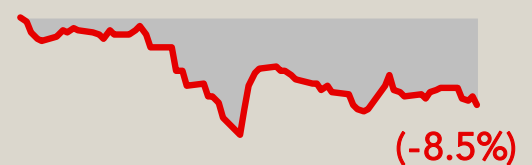
 Brazil



 Turkey



 Russia



Source: (1-6) Bloomberg. Data through September 29, 2023. All currencies graphed vs. the USD.



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Role

Tom Joyce is a Managing Director and Capital Markets Strategist within MUFG's global capital markets and investment banking business. Based in New York, Tom heads a team that creates customized analytical content for multi-national S&P 500 companies. His team provides in depth analysis on the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Tom has over 25 years of Investment Banking experience in New York, London, Hong Kong, and San Francisco. Over the last 15 years, Tom created and built the Capital Markets Strategy role, advising corporate C-Suite executives (Boards, CEOs, CFOs, and Treasurers) on the pervasive macro forces driving markets. Tom also presents at dozens of corporate events each year including Board meetings, CEO ExCo sessions, CFO and Treasury off-sites, corporate leadership events and conferences.

Education

Tom's educational background includes a year of study at Oxford University from 1991 - 1992, a Bachelor of Arts in Political Science from Holy Cross College in 1993, and a MBA from Kellogg Business School, Northwestern University in 2000.

Personal

Tom resides in New Canaan, CT with his wife and four sons, where he serves on the Board of Trustees of the New Canaan Library as well as the Holy Cross College President's Council.

About the Authors



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Role

Hailey Orr is a Managing Director in MUFG's Capital Markets Strategy group within the global capital markets and investment banking business. The team provides market based content for corporate clients to assist in strategic decision making. Focus areas include the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Hailey has a decade of Wall Street experience, including three years as a Consumer Sector Specialist in Equity Sales and seven years as a Capital Markets Strategist. Hailey is also a member of MUFG's Inclusion & Diversity Council and has devoted years to participating in and developing Wall Street recruiting programs.

Education

Hailey graduated with honors from the University of Michigan's Ross School of Business with a BBA and a minor in International Studies.

Personal

In March 2020, Crain's New York Business Magazine named Hailey one of the "Rising Stars in Banking and Finance".



Stephanie Kendal

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Role

Stephanie Kendal is a Vice President in MUFG's Capital Markets Strategy group within the global capital markets and investment banking business. The team provides market based content for corporate clients to assist in strategic decision making. Focus areas include the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Stephanie has spent over five years as a Capital Markets Strategist. She is an active member of the University of Michigan recruiting team and is focused on the diversity recruiting effort at MUFG. Stephanie is also a part of MUFG's DEI, Culture & Philanthropy (DCP) Council.

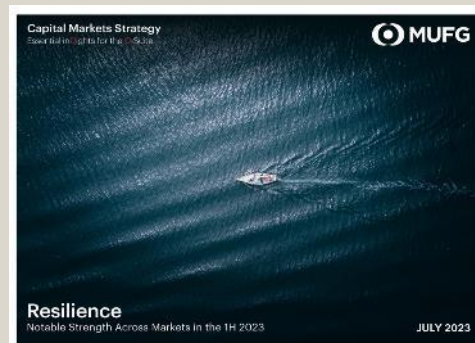
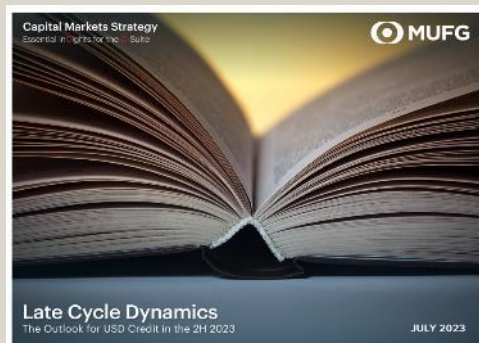
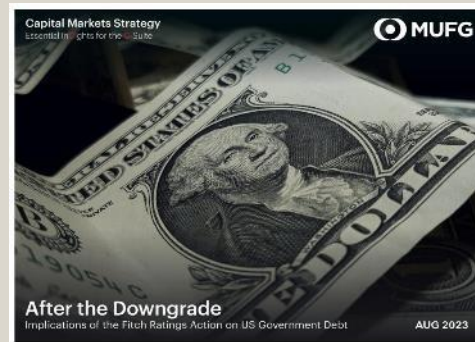
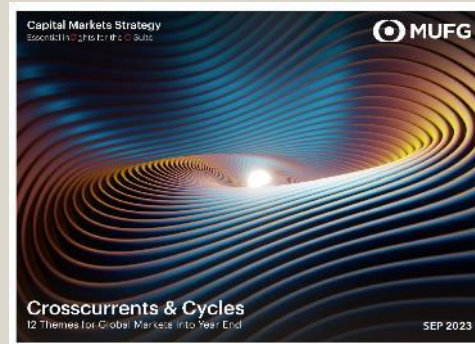
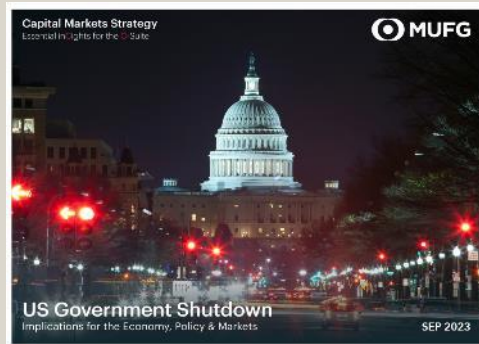
Education

Stephanie graduated with honors from the University of Michigan's Ross School of Business with a BBA.

Personal

Stephanie is actively involved in NYC's iMentor program, mentoring high school students with their journey to college graduation.

MUFG's Capital Markets Strategy Team



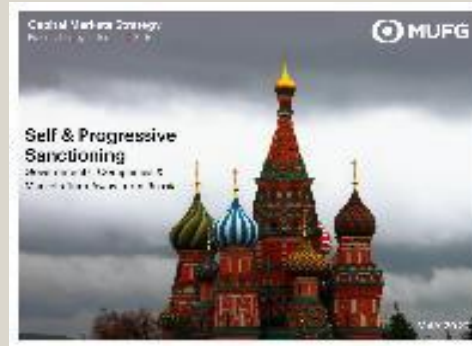
MUFG's Capital Markets Strategy Team



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MUFG's Capital Markets Strategy Team



MUFG's Capital Markets Strategy Team



MUFG's Capital Markets Strategy Team



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