

# Market Update (10/8-10/12)

Luke Cummings and Jesse Glaser

# Market Performance

## Reasons behind sell-off

1. Rising interest rates
  - a. 10-year yield > 3.25%
2. Tech stocks caught in supply chain problems

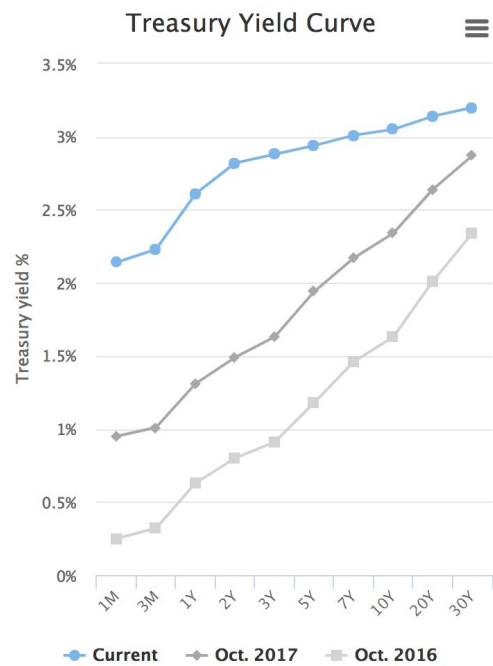


VIX touches highest point since Feb

All three major indexes fell more than 5% this week

# Interest Rates

- Benchmark Fed Funds rate raised to 2-2.25% range
- 10-year yield up to 3.25% from 2.82% in late August
- End of August, Yield curve was virtually flat
- Third hike of this year, and one more expected
- Why? What are the consequences?



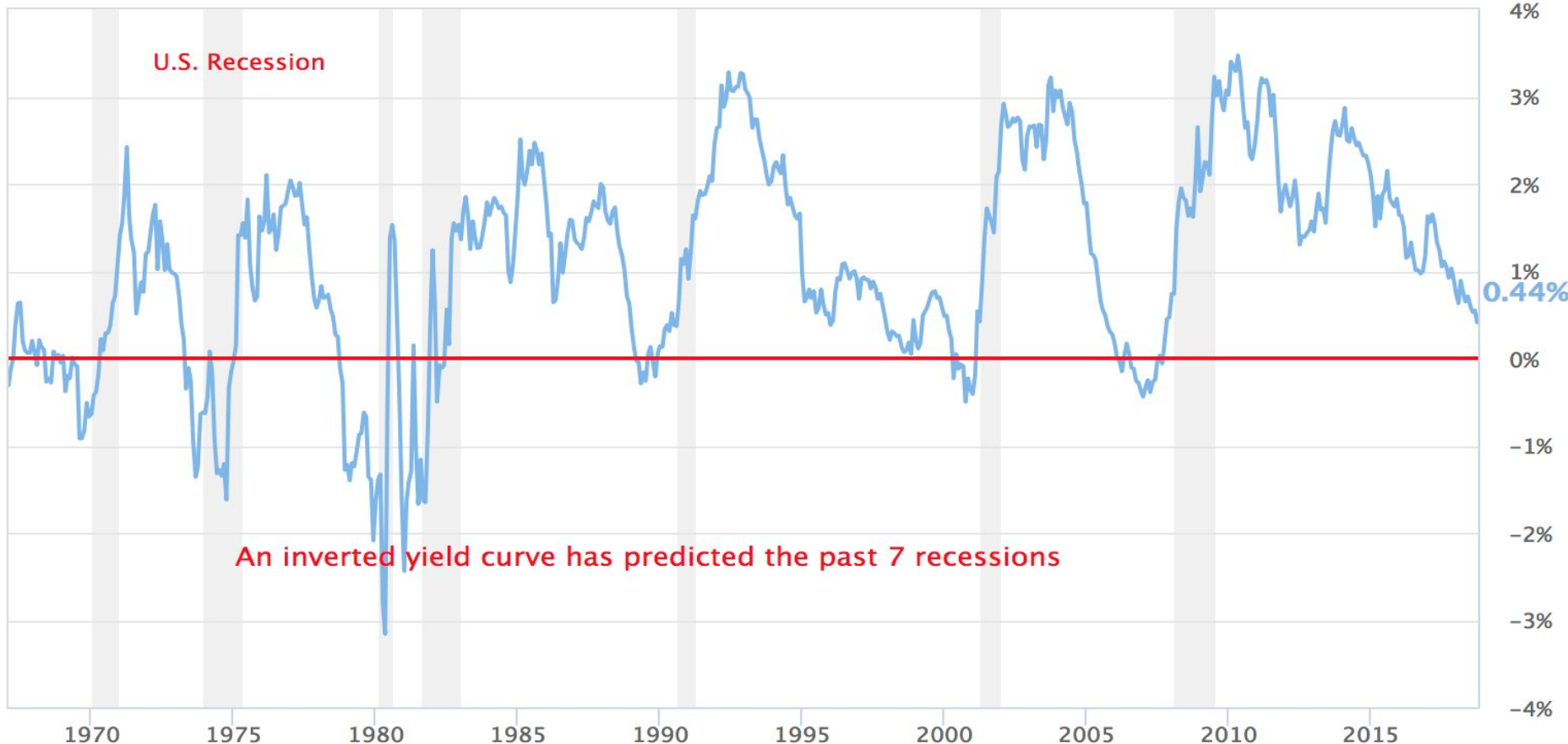
# Historical 10Y-1Y Spread on Treasury Yield

U.S. Recession

An inverted yield curve has predicted the past 7 recessions

0.44%

10Y-1Y Spread on Treasury Yield



# Other Information

Inflation: CPI rose 2.2% year over year. 0.1% below analysts' estimates

Tariffs: China's exports grew 14.5% year over year in September, generating a trade surplus of \$32 billion

Sears: filed for bankruptcy after 125 years of business. Stock plummeted 32%

Activist Action: activist investors have been busy as of late

- Loeb: looking to shake up the board at Campbell Soup
- Peltz: Peltz's Trian Partners announces a \$690 million stake in PPG
- Ackman: announced a \$900 million stake in Starbucks

# Interview Question

Emmett O'Toole



# S&T Interview Question

- Behavioral/ Walk Me Through Resume
- Market Questions
- Stock Pitch
- Brainteaser
  - What is the expected value of a roll of a die?
  - Make me a price on the 8 serial numbers on a \$1 bill.
- For S&T Interview Prep Check out the Vault Career Guide to S&T