



Chris Brown, CIMA®, CRPC™
Vice President — Investments,
Synovus Securities, Inc.



Eric Krueger
Senior Trust Manager,
Synovus Bank

Read our complete articles online. Click the headline or the link at the end of each section.

➔ Earnings Season, The Dollar, Rates and Market Volatility

Chris Brown, CIMA®, CRPC™
Vice President — Investments

Q3 Earnings

For the end of October approximately 50% of Q3 earnings have uncovered a mix of positive surprises on top- and bottom-line numbers. Many of the positive reported earnings are above their 10-year averages. According to FactSet Vice President, Senior Earnings Analyst John Butters, “Of these companies that have reported, 78% have reported actual earnings per share (EPS) above estimates. In aggregate, companies are reporting earnings that are 7.7% above their estimates. Eight of the 11 sectors are reporting [year-over-year (YoY)] earnings growth led by Consumer Discretionary, Communication Services and Financial sectors while Energy, Materials and Healthcare are reporting YoY declines in earnings.”

Below are the eleven sectors of the S&P 500 and their earnings growth on a YoY basis at the midpoint of the Q3 earnings season.



Source: FactSet

As of October 27, the S&P 500 forward price-to-earnings (P/E) ratio was 17, below the five-year 18.7 average and below the 10-year 17.5 average. The S&P 500 has had a positive year-to-date return of 7.67%, as of market close on October 27, and a one-year 8.14% return. The recent slide since the July 31 high was approximately -10%. Though this feels a bit like a heavy correction, historically the S&P 500 index tends to have annual corrections of approximately -10% every 1.6 years based on charts presented by Creative Planning’s Chief Market Strategist Charlie Bilello.

S&P 500 Intra-Year Decline	% of Years (since 1928)	Happens Every ___ On Average
-1%	100%	Year
-5%	94%	1.1 Years
-10%	63%	1.6 Years
-15%	40%	2.5 Years
-20%	26%	4 Years
-25%	21%	5 Years
-30%	11%	9 Years
-40%	6%	16 Years
-50%	2%	47 Years

CREATIVE PLANNING @CharlieBilello

Source: Charlie Bilello, Creative Planning

If earnings growth, consumer demand and low unemployment seem to be fairly healthy, then why does the market feel so dreadful?

U.S. Dollar Index

Since the end of July the U.S. dollar has risen against other major world currencies, by 6.25%. Ticker symbol UUP is the Invesco U.S. Dollar index and tracks the changes relative to a basket of world currencies. Ever since this turn in dollar strength, the S&P 500 has been in a choppy decline. Illustrated in the charts below, you can see an opposite trend from the rising U.S. dollar and the weakness in the S&P 500.

★ [Read the full article.](#)



Continued from previous page

➔ U.S. Credit Market Update

Eric Krueger, Synovus Trust Senior Portfolio Manager

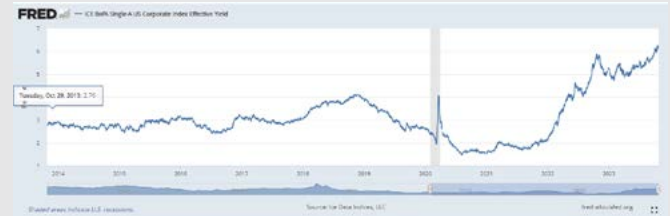
This month we will review recent data on the credit market in the U.S. Earnings in 3Q have been above expectations and certainly good enough for credit markets. Even though the S&P 500 has lost ground since the peak in July, credit spreads have been stable, while absolute yields are the highest in more than a decade. Yields have been on the rise as an expectation of higher for longer interest rates are finally settling in investors' minds. Finally, supply has been extremely low, and unless the last two days of October (as of this writing) are greater than \$15 billion, October will be the lowest supply month in more than a decade. All of this adds up to it being a terrific opportunity for conservative fixed income investors.

Earnings

Chris Brown covers this in more detail in his piece above but suffice it to say that earnings have beat expectation so far in 3Q. Reading the tea leaves from credit spreads, it is certainly good enough for investment-grade fixed income investors. Gross Domestic Product (GDP) data has been strong and the November 3 employment report will likely confirm the strength in jobs. Even if it comes in below expectations there will be plenty of latitude due to the recent auto strikes.

Yields are High Relative to Recent History

This graph paints a great picture:



★ [Read the full article.](#)

We're here if you have questions.

If you have questions or want to talk with a Synovus financial advisor to learn more, go to **Synovus.com** or call us at **888-SYNOVUS (888-796-6887)**.

*Past Economic Insights newsletters are available at: <https://www.synovus.com/personal/plan-and-invest/economic-insights/>

The service marks and trademarks used herein belong to their respective owners. There can be no assurance that any of the beliefs and views expressed herein will prove to be accurate, and actual outcomes or events may vary significantly from those presented. The authors' views are subject to change and do not reflect the views, opinions or positions of Synovus Financial Corp, who makes no representations as to accuracy, completeness, timeliness, suitability or validity of information presented and will not be liable for any errors, omissions, or delays in this information or any losses, injuries or damages arising from its display or use. The information provided in this material is intended to highlight present economic and market conditions in general. It does not constitute any recommendation, and is not meant for use as personalized or individual investment advice. We encourage you to speak with your financial professional concerning your specific investment goals and risk tolerance before making investment decisions.

Investment products and services provided by Synovus are offered through Synovus Securities, Inc. ("SSI"), Synovus Trust Company, N.A. ("STC"), and Creative Financial Group, a division of SSI. Trust services are provided by Synovus Trust Company, N.A. The registered broker-dealer offering brokerage products for Synovus is Synovus Securities, Inc, member FINRA/SIPC and an SEC Registered Investment Advisor. SSI is a subsidiary of Synovus Financial Corp. and an affiliate of Synovus Bank and STC, and STC is a subsidiary of Synovus Bank.

Investment products and services are not FDIC insured, are not deposits of or other obligations of Synovus Bank, are not guaranteed by Synovus Bank and involve **investment risk, including possible loss of principal amount invested.** © 2023