

Weekly Market Update

Market Data as of Week Ending: 1/13/2023 unless noted otherwise

U.S. stock prices rose again in the second week of the year as investors digested a softer inflation report and companies begin to report fourth quarter results. Consensus expectations for the companies in the S&P 500 have narrowly improved to an estimated earnings decline of -3.9%, however, investors will also be focused on forward guidance and underlying business fundamentals. Growth stocks outperformed their value oriented counterparts and small-sized companies outshined both their mid and large-sized peers. Most of the major economic sectors were up for the week with two traditionally defensive sectors, consumer staples, and health care, as the only exceptions. Developed foreign and emerging markets stocks ended the week with solid gains as both markets finished ahead of domestic equities.

U.S. Treasury yields fell across the curve as the 10-year ended the week at 3.49% as investors have been embracing a barbelled approach of equity risk and high quality bonds. The front-end of the yield curve was effectively unchanged as the 2-year finished around where it started and the 2-10 spread remains in negative territory at -0.73%. Returns were positive across the quality and duration spectrum as long duration corporate bonds were the best performing segment. Yields declined for both investment grade corporate and high yield bonds, ending the week at 5.0% and just below 8.2%, respectively.

Economic data came in generally better than expected as all eyes were concentrated on the inflation report and what that may mean for the upcoming Fed decision. The December headline Consumer Price Inflation (CPI) dropped for the sixth consecutive month, when measured on a year-over-year basis, and fell for the first time since May 2020, when compared to the previous month. Core CPI (excluding food and energy) slowed to 5.7% as goods prices declined but prices remain buoyed by strength in shelter and services. Initial jobless claims fell for the first week of the year to 205,000 as the labor market remains robust with 10.5 million job openings and 3.5% unemployment. The World Bank cut its estimate of global growth from 3.0% down to 1.7%, citing high inflation, rising borrowing costs, reduced investment spending, disruptions in China, and Russia's invasion of Ukraine as key detractors.

U.S. Equity Returns (Size & Style - Russell)

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	1.92%	2.93%	4.04%	4.48%	4.43%	4.37%	4.48%	4.43%	4.37%	4.48%	4.43%	4.37%
Mid	2.92%	3.40%	4.30%	5.85%	5.65%	5.30%	5.85%	5.65%	5.30%	5.85%	5.65%	5.30%
Small	4.52%	5.27%	6.01%	6.87%	7.17%	7.47%	6.87%	7.17%	7.47%	6.87%	7.17%	7.47%

U.S. Fixed Income Returns (Quality & Duration - Bloomberg)

	Week			MTD			QTD			YTD		
	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long
Govt	0.28%	0.39%	1.43%	0.91%	1.41%	5.96%	0.91%	1.41%	5.96%	0.91%	1.41%	5.96%
Corp	0.48%	0.81%	2.53%	1.09%	1.92%	6.37%	1.09%	1.92%	6.37%	1.09%	1.92%	6.37%
HY	1.11%	1.54%	2.52%	2.94%	3.80%	4.81%	2.94%	3.80%	4.81%	2.94%	3.80%	4.81%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	2.71%	4.22%	4.22%	4.22%
S&P MidCap 400	3.67%	6.24%	6.24%	6.24%
Russell 2000	5.27%	7.17%	7.17%	7.17%
MSCI EAFE	4.25%	7.04%	7.04%	7.04%
MSCI Emerging Markets	4.18%	7.71%	7.71%	7.71%
MSCI EAFE Small Cap	4.32%	5.92%	5.92%	5.92%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	0.52%	1.55%	1.55%	1.55%
Bloomberg US Agg	0.88%	2.74%	2.74%	2.74%
Bloomberg US High Yield	1.58%	3.84%	3.84%	3.84%
Other				
Bloomberg Commodity	3.30%	-0.92%	-0.92%	-0.92%
S&P Dev Property	4.31%	5.75%	5.75%	5.75%
HFRX Global Hedge Fund	0.44%	1.11%	1.11%	1.11%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	5.77%	8.15%	8.15%	8.15%
Consumer Staples	-1.44%	0.30%	0.30%	0.30%
Energy	2.69%	2.69%	2.69%	2.69%
Financials	2.05%	5.54%	5.54%	5.54%
Health Care	-0.12%	-0.29%	-0.29%	-0.29%
Industrials	1.53%	4.29%	4.29%	4.29%
Info Technology	4.62%	4.87%	4.87%	4.87%
Materials	4.31%	7.91%	7.91%	7.91%
Real Estate	4.35%	6.88%	6.88%	6.88%
Communication Svcs	4.27%	8.18%	8.18%	8.18%
Utilities	0.45%	1.16%	1.16%	1.16%

Bond Yields

	1/13/23	12/31/22	12/31/22	12/31/22
3Mo Libor	4.79%	4.77%	4.77%	4.77%
SOFR 3Mo Swap	4.63%	4.59%	4.59%	4.59%
2Yr Treasury	4.22%	4.41%	4.41%	4.41%
10Yr Treasury	3.49%	3.88%	3.88%	3.88%
2-10 Slope	-0.73%	-0.53%	-0.53%	-0.53%

Commodities and Currency

	1/13/23	12/31/22	12/31/22	12/31/22
Oil (\$/barrel)	79.86	80.26	80.26	80.26
Gold (\$/oz.)	1920.23	1824.02	1824.02	1824.02

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The S&P 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks across major industries.

The Russell 2000 Index is a market-cap weighted index measuring the performance of approximately 2,000 smallest-cap weighted American companies in the Russell 3000 index. The Russell 3000 Index is a capitalization-weighted equity index that provides exposure to the entire U.S. stock market. The index tracks the performance of the 3,000 largest U.S.-traded stocks which represent about 98% of all U.S. incorporated equity securities.

The MSCI Indexes were created by Morgan Stanley Capital International and serves as a benchmark of the performance of major international equity markets. The EAFE, with 826 constituents across 21 developed markets around the world excluding the US and Canada covers approximately 85% of the free float-adjusted market capitalization of each country. The Emerging Markets Index, with 1,393 constituents, captures large and mid-cap representation across 24 Emerging Markets (EM) countries and covers approximately 85% of the free float-adjusted market capitalization in each country.

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