

Weekly Market Update

Market Data as of Week Ending: 1/20/2023 unless noted otherwise

U.S. stock prices settled back in with mixed results across major indexes. We are still early into reporting season (only 11% of companies in the S&P 500 reported), but the estimated earnings decline has expanded to -4.6%. The trend of growth stocks outperforming their value-oriented counterparts continued, but smaller-sized companies lost some of their appeal and lagged their mid and large-sized peers. Performance across economic sectors was mixed with some gains in the consumer discretionary, information technology, and energy sectors. The rest of the sectors were down with notable weakness in the industrials, utilities, and consumer staples sectors. Developed foreign and emerging markets stocks ended the week with gains for the third consecutive week as both markets finished ahead of domestic equities.

U.S. Treasury yields were also mixed with lower yields for short to intermediate term bonds and higher yields for long duration bonds. The 10-year ended the week at 3.48% as investors were delivered strong signals from the Fed that they are on course to reduce the pace of interest rate hikes again. According to CME, futures pricing indicates a 99% probability of a 0.25% interest rate hike at the upcoming meeting. Returns were mixed across the quality and duration spectrum as investment grade corporate bonds were the best performing segment. Yields were largely unchanged for investment grade corporate bonds and some spread widening for high yield bonds, ending the week at 5.0% and nearly 8.3%, respectively.

Economic data came in generally worse than expected as both retail sales and industrial production fell in the month of December. Retail sales declined -1.1% in December as holiday sales were disappointing despite heavy discounting by retailers to clear inventory. Industrial production declined for the second consecutive month in December (-0.7%) as higher interest rates and prices weighed on demand. The housing market remains challenged with declines in both new and existing home sales, but results for December were better than expected. Initial jobless claims dropped below 200,000 as the labor market remains robust with 10.5 million job openings and 3.5% unemployment. European leaders at the ECB and BoE remain committed to fighting inflation with higher rates while signs are emerging that inflation may be on the rise in Japan.

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

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	-1.47%	-0.58%	0.38%	2.94%	3.82%	4.77%	2.94%	3.82%	4.77%	2.94%	3.82%	4.77%
Mid	-1.17%	-0.78%	-0.05%	4.61%	4.83%	5.25%	4.61%	4.83%	5.25%	4.61%	4.83%	5.25%
Small	-1.10%	-1.04%	-0.98%	5.70%	6.06%	6.42%	5.70%	6.06%	6.42%	5.70%	6.06%	6.42%

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	0.19%	0.19%	-0.32%	1.10%	1.60%	5.62%	1.10%	1.60%	5.62%	1.10%	1.60%	5.62%
Corp	0.27%	0.30%	-0.29%	1.36%	2.22%	6.05%	1.36%	2.22%	6.05%	1.36%	2.22%	6.05%
HY	-0.23%	-0.32%	-0.15%	2.70%	3.47%	4.65%	2.70%	3.47%	4.65%	2.70%	3.47%	4.65%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	-0.65%	3.55%	3.55%	3.55%
S&P MidCap 400	-0.86%	5.33%	5.33%	5.33%
Russell 2000	-1.04%	6.06%	6.06%	6.06%
MSCI EAFE	0.01%	7.05%	7.05%	7.05%
MSCI Emerging Markets	0.63%	8.39%	8.39%	8.39%
MSCI EAFE Small Cap	0.21%	6.14%	6.14%	6.14%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	0.23%	1.78%	1.78%	1.78%
Bloomberg US Agg	0.15%	2.89%	2.89%	2.89%
Bloomberg US High Yield	-0.31%	3.52%	3.52%	3.52%
Other				
Bloomberg Commodity	0.58%	-0.34%	-0.34%	-0.34%
S&P Dev Property	0.08%	5.84%	5.84%	5.84%
HFRX Global Hedge Fund	-0.02%	1.19%	1.19%	1.19%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	-0.51%	7.60%	7.60%	7.60%
Consumer Staples	-2.75%	-2.45%	-2.45%	-2.45%
Energy	0.75%	3.45%	3.45%	3.45%
Financials	-2.08%	3.35%	3.35%	3.35%
Health Care	-1.10%	-1.38%	-1.38%	-1.38%
Industrials	-3.33%	0.82%	0.82%	0.82%
Info Technology	0.68%	5.59%	5.59%	5.59%
Materials	-1.21%	6.60%	6.60%	6.60%
Real Estate	-0.71%	6.12%	6.12%	6.12%
Communication Svcs	2.97%	11.39%	11.39%	11.39%
Utilities	-2.93%	-1.81%	-1.81%	-1.81%

Bond Yields

	1/20/23	12/31/22	12/31/22	12/31/22
3Mo Libor	4.82%	4.77%	4.77%	4.77%
SOFR 3Mo Swap	4.65%	4.59%	4.59%	4.59%
2Yr Treasury	4.14%	4.41%	4.41%	4.41%
10Yr Treasury	3.48%	3.88%	3.88%	3.88%
2-10 Slope	-0.66%	-0.53%	-0.53%	-0.53%

Commodities and Currency

	1/20/23	12/31/22	12/31/22	12/31/22
Oil (\$/barrel)	81.31	80.26	80.26	80.26
Gold (\$/oz.)	1926.08	1824.02	1824.02	1824.02

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The market indexes discussed are unmanaged and generally considered representative of their respective markets. Index performance is not indicative of past performance of any particular investment. Indexes do not incur management fees, costs, and expenses. Indexes are not available for direct investment.

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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Past Performance does not guarantee future results.

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