

Weekly Market Update

Market Data as of Week Ending: 1/27/2023 unless noted otherwise

U.S. stock prices moved higher as investor sentiment has improved, despite a weaker outlook for the business cycle. The estimated earnings decline for the fourth quarter has expanded to -5.0% and most of the companies that provide guidance have projected lower estimates for the first quarter. Growth stocks once again outperformed their value-oriented counterparts, while the size factor was more mixed, but large-sized companies generally outperformed small and mid-sized peers. Nine of the economic sectors delivered gains with notable strength in the consumer discretionary, information technology, and communication services sectors. Traditionally defensive sectors lagged with declines in the healthcare and consumer staples sectors. Developed foreign and emerging markets stocks ended the week with gains for the fourth consecutive week; however, relative performance in both markets lagged domestic equities.

U.S. Treasury yields were mixed as yields edged higher for short to intermediate term bonds and the 10-year ended the week at 3.52%. New economic data did not change investor expectations, which remain confident that the Fed will slow the pace of interest rate increases to 0.25%, at the upcoming meeting. Returns were mixed across the quality and duration spectrum as long duration corporate bonds were the best performing segment. Yields were largely unchanged for investment grade corporate bonds and some spread tightening was observed for high yield bonds, ending the week at 5.0% and nearly 8.2%, respectively.

Economic data came in mixed with better-than-expected inflation data showing signs of deceleration and solid economic growth, despite recent declines in consumer spending and a weak outlook according to survey data. The PCE index showed that headline inflation slowed to 5.0% and the core measure (excluding food and energy prices) dropped to 4.4%, its lowest increase since October 2021. Economic growth, as measured by GDP, increased 2.9% in the fourth quarter and 2.1% for the calendar year 2022. The bad news was that consumer spending fell in December for the second consecutive month, despite lower prices. According to S&P Global, the outlook for economic growth has improved, but the flash composite PMI is still pointing toward a contraction with a 46.6 reading. The outlook in Europe is starting to improve as business confidence increased and the flash composite PMI improved to 50.2, showing signs of optimism for the first time since June of last year.

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

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	1.78%	2.57%	3.40%	4.77%	6.49%	8.33%	4.77%	6.49%	8.33%	4.77%	6.49%	8.33%
Mid	2.52%	2.62%	2.79%	7.25%	7.58%	8.18%	7.25%	7.58%	8.18%	7.25%	7.58%	8.18%
Small	2.22%	2.37%	2.52%	8.04%	8.58%	9.10%	8.04%	8.58%	9.10%	8.04%	8.58%	9.10%

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	-0.11%	-0.14%	0.41%	0.99%	1.46%	6.05%	0.99%	1.46%	6.05%	0.99%	1.46%	6.05%
Corp	0.05%	0.08%	0.54%	1.41%	2.31%	6.62%	1.41%	2.31%	6.62%	1.41%	2.31%	6.62%
HY	0.41%	0.39%	0.35%	3.12%	3.87%	5.01%	3.12%	3.87%	5.01%	3.12%	3.87%	5.01%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	2.48%	6.11%	6.11%	6.11%
S&P MidCap 400	2.39%	7.86%	7.86%	7.86%
Russell 2000	2.37%	8.58%	8.58%	8.58%
MSCI EAFE	1.40%	8.55%	8.55%	8.55%
MSCI Emerging Markets	1.44%	9.95%	9.95%	9.95%
MSCI EAFE Small Cap	1.92%	8.18%	8.18%	8.18%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	-0.07%	1.71%	1.71%	1.71%
Bloomberg US Agg	0.09%	2.99%	2.99%	2.99%
Bloomberg US High Yield	0.38%	3.91%	3.91%	3.91%
Other				
Bloomberg Commodity	-0.37%	-0.71%	-0.71%	-0.71%
S&P Dev Property	3.10%	9.12%	9.12%	9.12%
HFRX Global Hedge Fund	0.31%	1.69%	1.69%	1.69%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	6.40%	14.48%	14.48%	14.48%
Consumer Staples	0.45%	-2.02%	-2.02%	-2.02%
Energy	0.78%	4.26%	4.26%	4.26%
Financials	2.54%	5.97%	5.97%	5.97%
Health Care	-0.84%	-2.22%	-2.22%	-2.22%
Industrials	2.13%	2.97%	2.97%	2.97%
Info Technology	4.07%	9.89%	9.89%	9.89%
Materials	0.71%	7.36%	7.36%	7.36%
Real Estate	2.90%	9.20%	9.20%	9.20%
Communication Svcs	3.28%	15.04%	15.04%	15.04%
Utilities	-0.49%	-2.29%	-2.29%	-2.29%

Bond Yields

	1/27/23	12/31/22	12/31/22	12/31/22
3Mo Libor	4.83%	4.77%	4.77%	4.77%
SOFR 3Mo Swap	4.67%	4.59%	4.59%	4.59%
2Yr Treasury	4.19%	4.41%	4.41%	4.41%
10Yr Treasury	3.52%	3.88%	3.88%	3.88%
2-10 Slope	-0.67%	-0.53%	-0.53%	-0.53%

Commodities and Currency

	1/27/23	12/31/22	12/31/22	12/31/22
Oil (\$/barrel)	79.68	80.26	80.26	80.26
Gold (\$/oz.)	1928.04	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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