

# Weekly Market Update

Market Data as of Week Ending: 12/30/2022 unless noted otherwise

U.S. stock prices finished with modest losses for the final week of the year. The S&P 500 closed out the year down more than 18% as investors grappled with higher interest rates and a slowing economy. Size and style were mixed for the week, but for the year, the value factor significantly outperformed growth and mid-sized companies outshined both their larger and smaller-sized counterparts. Most of the major economic sectors were down for the week; however, financials and energy were exceptions with modest gains of less than 1%. For the year, sector dispersion was wide as communication services and consumer discretionary sectors were down more than 35% while energy stocks were up more than 65%, despite only a modest rise in oil prices. Developed foreign and emerging markets stocks ended the week with small gains as the dollar weakened throughout the quarter and developed foreign stocks finished the year ahead of domestic equities.

U.S. Treasury yields moved higher last week as the 10-year reached its highest level since the middle of November. The 2-year and 10-year ended the year at 4.71% and 3.97%, respectively, as the spread narrowed yet still is near its widest level of inversion over the last four decades. Returns were negative, but mixed, across the quality and duration spectrum as short duration investment-grade corporate bonds proved most resilient. Yields moved higher for both investment grade corporate and high yield bonds, ending the year at 5.4% and just below 9.0%, respectively.

Economic data was light for the week with only a few reports that were generally better than expected. According to S&P, CoreLogic home prices declined for the fourth consecutive month, down 0.5% in October. Despite recent softness, the Case-Shiller National Home Price Index rose 9.2% compared to the same period last year. Weekly initial jobless claims increased by 9,000 to 225,000, which was in line with consensus and only slightly above the pre-pandemic levels in 2019. The number of available jobs has been declining with 10.3 million as of October; however, that far exceeds the 6.1 million unemployed people seeking work. In Asia, China announced plans to lift almost all standard COVID restrictions and that the government will boost fiscal expenditures next year to support economic growth.

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

|       | Week   |        |        | MTD    |        |        | QTD    |       |        | YTD     |         |         |
|-------|--------|--------|--------|--------|--------|--------|--------|-------|--------|---------|---------|---------|
|       | Value  | Core   | Growth | Value  | Core   | Growth | Value  | Core  | Growth | Value   | Core    | Growth  |
| Large | 0.17%  | -0.07% | -0.33% | -4.03% | -5.81% | -7.66% | 12.42% | 7.24% | 2.20%  | -7.54%  | -19.13% | -29.14% |
| Mid   | -0.09% | -0.05% | 0.02%  | -5.08% | -5.40% | -6.00% | 10.45% | 9.18% | 6.90%  | -12.03% | -17.32% | -26.72% |
| Small | 0.04%  | 0.08%  | 0.12%  | -6.56% | -6.49% | -6.42% | 8.42%  | 6.23% | 4.13%  | -14.48% | -20.44% | -26.36% |

## 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 | -0.20% | -0.30% | -1.65% | 0.03%  | -0.24% | -1.69% | 0.93% | 1.01%  | -0.59% | -5.46% | -7.73%  | -29.19% |
| Corp | -0.16% | -0.32% | -1.47% | 0.13%  | -0.07% | -1.15% | 1.95% | 2.72%  | 5.40%  | -5.62% | -9.40%  | -25.62% |
| HY   | -0.64% | -0.93% | -1.10% | -0.38% | -0.65% | 0.05%  | 3.66% | 4.16%  | 4.48%  | -5.90% | -10.54% | -22.18% |

## Index Returns

|                          | Week   | MTD    | QTD    | YTD     |
|--------------------------|--------|--------|--------|---------|
| Equities (Stocks)        |        |        |        |         |
| S&P 500                  | -0.11% | -5.76% | 7.56%  | -18.11% |
| S&P MidCap 400           | -0.13% | -5.54% | 10.78% | -13.06% |
| Russell 2000             | 0.08%  | -6.49% | 6.23%  | -20.44% |
| MSCI EAFE                | 0.06%  | 0.08%  | 17.34% | -14.45% |
| MSCI Emerging Markets    | 0.30%  | -1.41% | 9.70%  | -20.09% |
| MSCI EAFE Small Cap      | 0.71%  | 1.07%  | 15.79% | -21.39% |
| Fixed Income (Bonds)     |        |        |        |         |
| Bloomberg Int Gov/Credit | -0.30% | -0.18% | 1.54%  | -8.23%  |
| Bloomberg US Agg         | -0.65% | -0.45% | 1.87%  | -13.01% |
| Bloomberg US High Yield  | -0.93% | -0.62% | 4.17%  | -11.19% |
| Other                    |        |        |        |         |
| Bloomberg Commodity      | 0.31%  | -2.45% | 2.22%  | 16.09%  |
| S&P Dev Property         | 0.26%  | -2.67% | 7.30%  | -24.32% |
| HFRX Global Hedge Fund   | 0.05%  | -0.05% | 0.17%  | -4.40%  |

## S&P 500 Sector Returns

|                    | Week   | MTD     | QTD     | YTD     |
|--------------------|--------|---------|---------|---------|
| Consumer Disc      | -0.25% | -11.26% | -10.18% | -37.03% |
| Consumer Staples   | -0.83% | -2.82%  | 12.72%  | -0.62%  |
| Energy             | 0.60%  | -2.94%  | 22.81%  | 65.72%  |
| Financials         | 0.76%  | -5.23%  | 13.61%  | -10.53% |
| Health Care        | -0.17% | -1.91%  | 12.80%  | -1.95%  |
| Industrials        | -0.15% | -2.97%  | 19.22%  | -5.48%  |
| Info Technology    | -0.15% | -8.37%  | 4.74%   | -28.19% |
| Materials          | -1.08% | -5.56%  | 15.05%  | -12.27% |
| Real Estate        | -0.39% | -4.87%  | 3.55%   | -26.01% |
| Communication Svcs | -0.08% | -7.84%  | -1.38%  | -39.89% |
| Utilities          | -0.59% | -0.53%  | 8.64%   | 1.57%   |

## Bond Yields

|               | 12/30/22 | 11/30/22 | 9/30/22 | 12/31/21 |
|---------------|----------|----------|---------|----------|
| 3Mo Libor     | 4.77%    | 4.78%    | 3.75%   | 0.21%    |
| SOFR 3Mo Swap | 4.59%    | 4.39%    | 3.60%   | 0.09%    |
| 2Yr Treasury  | 4.71%    | 4.71%    | 4.28%   | 0.73%    |
| 10Yr Treasury | 3.97%    | 3.68%    | 3.83%   | 1.51%    |
| 2-10 Slope    | -0.74%   | -1.03%   | -0.45%  | 0.78%    |

## Commodities and Currency

|                 | 12/30/22 | 11/30/22 | 9/30/22 | 12/31/21 |
|-----------------|----------|----------|---------|----------|
| Oil (\$/barrel) | 80.26    | 80.55    | 79.49   | 76.99    |
| Gold (\$/oz.)   | 1824.02  | 1768.52  | 1660.61 | 1829.2   |

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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.

U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Fixed income investments are subject to various risk including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

Past Performance does not guarantee future results.

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