

Weekly Market Update

Market Data as of Week Ending: 2/10/2023 unless noted otherwise

U.S. stock prices ended the week lower, snapping a two-week winning streak as investors digested Fed commentary, mixed corporate earnings and resilient economic data. With fourth-quarter earnings season wrapping up, analysts have been cutting their first-quarter earnings-per-share forecasts by an average of 3.3% for companies in the S&P 500, worse than the average January reduction of 1.5%. Value stocks outperformed their growth-oriented counterparts while large-cap companies generally outperformed their small and mid-sized peers. Ten of the eleven economic sectors were lower with communication services being the prominent laggard. Energy was the best performing sector as oil prices surged last week on concerns that the earthquakes in Turkey and Syria materially damaged oil infrastructure in the region. Developed foreign and emerging markets stocks ended the week lower and both lagged domestic equities.

U.S. Treasury yields increased solidly over the week as the inversion of the yield curve grew to its widest margin since the early 1980s as fears rose that the Fed will need to push the economy into a recession to tame inflation. The 10-year U.S. Treasury yield climbed to 3.74% while the 2-year yield hit a two-month high of 4.50%. Returns were negative across the quality and duration spectrum as short duration government bonds were the best performing segment. Yields increased for investment grade corporate bonds and high yield bonds, ending the week above 5.2% and 8.4%, respectively.

Economic data was generally better than expected as Fed speak dominated the relatively light week. U.S. consumer credit grew by 2.9% in December, the slowest pace in two years as rising interest rates cause households to cut back on borrowing. U.S. wholesale inventories grew at a reduced pace in December, rising only 0.1%, as wholesalers scaled back their restocking efforts amidst weakened demand. Initial jobless claims were slightly higher than expected, coming in at 196,000 for the week ending February 4th. The preliminary consumer sentiment index rose to a 13-month high of 66.4 in early February as Americans grow more optimistic about the U.S. economy. As a surprise to many, the Bank of Japan (BoJ) appointed Kazuo Ueda as the central bank's next governor. Ueda, an economist and former member of the BoJ Board, had not been mentioned as a shortlisted candidate.

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

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	-0.97%	-1.24%	-1.52%	-0.55%	0.30%	1.18%	4.61%	7.02%	9.62%	4.61%	7.02%	9.62%
Mid	-1.60%	-1.68%	-1.81%	-0.69%	-0.26%	0.55%	7.33%	8.03%	9.33%	7.33%	8.03%	9.33%
Small	-3.44%	-3.34%	-3.24%	-0.76%	-0.64%	-0.52%	8.71%	9.05%	9.38%	8.71%	9.05%	9.38%

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	-0.55%	-0.83%	-2.92%	-0.74%	-1.06%	-3.09%	0.35%	0.52%	3.11%	0.35%	0.52%	3.11%
Corp	-0.58%	-1.04%	-3.29%	-0.63%	-1.03%	-3.09%	0.94%	1.46%	3.60%	0.94%	1.46%	3.60%
HY	-1.15%	-1.77%	-2.13%	-0.29%	-0.70%	-0.70%	2.77%	3.04%	4.31%	2.77%	3.04%	4.31%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	-1.07%	0.40%	6.71%	6.71%
S&P MidCap 400	-2.49%	-0.45%	8.74%	8.74%
Russell 2000	-3.34%	-0.64%	9.05%	9.05%
MSCI EAFE	-1.57%	-0.70%	7.34%	7.34%
MSCI Emerging Markets	-2.40%	-1.72%	6.04%	6.04%
MSCI EAFE Small Cap	-2.08%	-1.03%	6.36%	6.36%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	-0.89%	-1.04%	0.80%	0.80%
Bloomberg US Agg	-1.43%	-1.48%	1.55%	1.55%
Bloomberg US High Yield	-1.78%	-0.70%	3.09%	3.09%
Other				
Bloomberg Commodity	1.59%	-2.67%	-3.15%	-3.15%
S&P Dev Property	-2.44%	-1.03%	7.77%	7.77%
HFRX Global Hedge Fund	-0.12%	0.17%	1.84%	1.84%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	-2.11%	-0.37%	14.59%	14.59%
Consumer Staples	-0.52%	-1.03%	-1.91%	-1.91%
Energy	5.05%	0.25%	3.07%	3.07%
Financials	-0.34%	-0.18%	6.67%	6.67%
Health Care	-0.19%	-0.65%	-2.50%	-2.50%
Industrials	-0.68%	0.30%	4.02%	4.02%
Info Technology	-1.02%	3.23%	12.85%	12.85%
Materials	-1.65%	-3.08%	5.63%	5.63%
Real Estate	-2.06%	-1.23%	8.52%	8.52%
Communication Svcs	-6.59%	-1.20%	13.13%	13.13%
Utilities	-0.26%	-1.99%	-3.95%	-3.95%

Bond Yields

	2/10/23	1/31/23	12/31/22	12/31/22
3Mo Libor	4.87%	4.81%	4.77%	4.77%
SOFR 3Mo Swap	4.76%	4.68%	4.59%	4.59%
2Yr Treasury	4.50%	4.21%	4.41%	4.41%
10Yr Treasury	3.74%	3.52%	3.88%	3.88%
2-10 Slope	-0.76%	-0.69%	-0.53%	-0.53%

Commodities and Currency

	2/10/23	1/31/23	12/31/22	12/31/22
Oil (\$/barrel)	79.72	78.87	80.26	80.26
Gold (\$/oz.)	1865.57	1928.36	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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