

Weekly Market Update

Market Data as of Week Ending: 2/3/2023 unless noted otherwise

U.S. stock prices continued their rally last week as investors were able to glean some dovish remarks from the Federal Reserve as Fed Chair Jerome Powell acknowledged disinflationary signs for the first time. The estimated earnings decline for the fourth quarter has continued to worsen, expanding to -5.3% from -5.1% last week as negative earnings surprises from companies in the communication services, information technology, and consumer discretionary sectors have contributed to the downward revisions. Growth stocks once again outperformed their value-oriented counterparts while small and mid-sized companies generally outperformed their larger peers. Nine of the economic sectors delivered gains with notable strength in the consumer discretionary, information technology, and communication services sectors. Energy was the worst-performing sector along with traditionally defensive sectors which lagged with declines in the healthcare and utilities sectors. Developed foreign and emerging markets stocks ended the week with mixed results and lagged domestic equities.

U.S. Treasury yields had a volatile week as the Fed's rate hike sent yields lower mid-week before strong labor reports ultimately sent yields higher. The 10-year ended the week at 3.60% while the 2-year rose to 4.76%. Returns were generally positive across the quality and duration spectrum as long-duration high yield bonds were the best-performing segment. Yields came down slightly for investment grade corporate bonds and some spread tightening for high yield bonds, ending the week just below 5.0% and 8.0%, respectively.

Economic data came in mixed with better-than-expected employment data showing signs of persistent strength in the labor market despite the economy showing signs of fraying. The consumer confidence index fell to 107.1 in January, reflecting growing concerns about a potential recession. The ISM manufacturing index dropped to 47.4% from 48.4%, contracting for the third month in a row. U.S. factory orders rose 1.8% in December on strong civilian aircraft demand but were below estimates. The U.S. added 517,000 new jobs in January, the largest gain in six months and significantly stronger than the 187,000 forecasted. The U.S. unemployment rate fell to a 54-year low of 3.4%. The BoE and ECB each raised their key interest rates by 0.50% last week - while the ECB anticipates another 0.50% rate hike, the BoE hinted that rates may have peaked as they said a UK recession was likely to be "much shallower" than forecast in November.

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

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	0.83%	1.77%	2.74%	0.43%	1.56%	2.74%	5.63%	8.37%	11.30%	5.63%	8.37%	11.30%
Mid	1.71%	2.13%	2.92%	0.93%	1.44%	2.40%	9.08%	9.87%	11.34%	9.08%	9.87%	11.34%
Small	4.20%	3.90%	3.61%	2.77%	2.79%	2.81%	12.57%	12.81%	13.04%	12.57%	12.81%	13.04%

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	-0.09%	-0.10%	0.15%	-0.20%	-0.23%	-0.18%	0.90%	1.36%	6.21%	0.90%	1.36%	6.21%
Corp	0.12%	0.21%	0.47%	-0.05%	0.01%	0.20%	1.53%	2.52%	7.12%	1.53%	2.52%	7.12%
HY	0.82%	0.98%	1.49%	0.87%	1.09%	1.47%	3.96%	4.89%	6.58%	3.96%	4.89%	6.58%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	1.64%	1.48%	7.86%	7.86%
S&P MidCap 400	3.40%	2.10%	11.52%	11.52%
Russell 2000	3.90%	2.79%	12.81%	12.81%
MSCI EAFE	0.46%	0.88%	9.05%	9.05%
MSCI Emerging Markets	-1.18%	0.70%	8.65%	8.65%
MSCI EAFE Small Cap	0.41%	1.08%	8.63%	8.63%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	0.00%	-0.15%	1.71%	1.71%
Bloomberg US Agg	0.03%	-0.05%	3.02%	3.02%
Bloomberg US High Yield	1.00%	1.11%	4.95%	4.95%
Other				
Bloomberg Commodity	-3.98%	-4.19%	-4.66%	-4.66%
S&P Dev Property	1.24%	1.45%	10.47%	10.47%
HFRX Global Hedge Fund	0.33%	0.44%	2.13%	2.13%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	2.25%	1.77%	17.06%	17.06%
Consumer Staples	0.64%	-0.51%	-1.39%	-1.39%
Energy	-5.90%	-4.57%	-1.89%	-1.89%
Financials	1.01%	0.16%	7.04%	7.04%
Health Care	-0.10%	-0.46%	-2.32%	-2.32%
Industrials	1.72%	0.98%	4.74%	4.74%
Info Technology	3.76%	4.30%	14.02%	14.02%
Materials	0.03%	-1.46%	7.39%	7.39%
Real Estate	1.47%	0.85%	10.80%	10.80%
Communication Svcs	5.28%	5.77%	21.11%	21.11%
Utilities	-1.45%	-1.74%	-3.71%	-3.71%

Bond Yields

	2/3/23	1/31/23	12/31/22	12/31/22
3Mo Libor	4.83%	4.81%	4.77%	4.77%
SOFR 3Mo Swap	4.71%	4.68%	4.59%	4.59%
2Yr Treasury	4.30%	4.25%	4.41%	4.41%
10Yr Treasury	3.53%	3.52%	3.88%	3.88%
2-10 Slope	-0.77%	-0.73%	-0.53%	-0.53%

Commodities and Currency

	2/3/23	1/31/23	12/31/22	12/31/22
Oil (\$/barrel)	73.39	78.87	80.26	80.26
Gold (\$/oz.)	1864.97	1928.36	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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