

Weekly Market Update

Market Data as of Week Ending: 3/17/2023 unless noted otherwise

U.S. stock prices were mixed as investors were more focused on the fallout from SVB Financial and Signature Bank instead of the February CPI report. Contagion remains a concern among some investors as stock prices of Credit Suisse and First Republic have been under significant pressure and are in the process of receiving financial support from the banking industry. The trend of outperformance for the growth and size factors intensified as large cap growth stocks gained more than 4% and small cap value declined nearly 4% in a volatile week of trading. Performance dispersion was also wide across economic sectors with notable losses in the energy, financials, materials, and industrials sectors. Information technology, communication services, and consumer discretionary outperformed and were the best performing sectors. Developed foreign and emerging markets stocks were down for the week and lagged domestic equities.

U.S. Treasury yields remained volatile as investor expectations have dramatically repriced how the Fed will handle interest rate policy for the rest of the year. The 2-year U.S. Treasury yield continued its descent early in the week and dropped below 4%, only a few days after rising above 5%. The 2-year rose back above 4% but ended the week at 3.81%, further illustrating investor concerns about the Fed's ability to avoid a recession. The 10-year U.S. Treasury yield was less volatile and showed more signs of a trend lower, ending the week at 3.39%. Higher quality and longer duration bonds outperformed as the theme of risk aversion remained in force. High yield corporate bonds declined again and lagged across the curve. Yields for investment grade corporate bonds and high yield bonds ended the week at 5.3% and 9.0%, respectively.

Inflation data was supposed to be the highlight of the week, but those results were less of a focus given the banking situation. Results from the February CPI report were mixed, as year-over-year headline and core inflation declined to 6% and 5.5%, respectively. Monthly figures continue to show stubbornly high results that were up 0.4% and 0.5%, respectively, for headline and core inflation. Retail sales were lower than expected, coming in at a decline of 0.4% for the month and added to concerns that strong results in January were merely an outlier. Industrial production was flat for the month and slightly below expectations. In Europe, financial markets were rattled by the news that Credit Suisse was under duress and all eyes shifted to the ECB, given that they are fighting a similar fact pattern of stubbornly high inflation and resilient consumer behavior. The ECB increased their policy rate by 0.5% to 3.0%, intended to reduce inflation, but gave no forward guidance.

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

	Value	Week Core	Growth	Value	MTD Core	Growth	Value	QTD Core	Growth	Value	YTD Core	Growth
Large	-1.64%	1.25%	4.12%	-5.32%	-1.80%	1.77%	-3.92%	2.29%	8.94%	-3.92%	2.29%	8.94%
Mid	-3.05%	-2.03%	-0.24%	-8.39%	-6.82%	-3.98%	-4.17%	-1.53%	3.37%	-4.17%	-1.53%	3.37%
Small	-3.84%	-2.57%	-1.36%	-10.74%	-8.89%	-7.11%	-4.47%	-1.70%	1.02%	-4.47%	-1.70%	1.02%

U.S. Fixed Income Returns (Quality & Duration - Bloomberg)

	Short	Week Interm	Long	Short	MTD Interm	Long	Short	QTD Interm	Long	Short	YTD Interm	Long
Govt	1.50%	1.65%	1.33%	2.14%	2.56%	5.15%	1.98%	2.39%	6.59%	1.98%	2.39%	6.59%
Corp	0.34%	0.68%	0.92%	0.66%	1.19%	2.86%	1.03%	1.68%	3.97%	1.03%	1.68%	3.97%
HY	-0.58%	-0.42%	-0.17%	-1.02%	-1.03%	-0.40%	1.45%	1.44%	1.59%	1.45%	1.44%	1.59%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	1.47%	-1.23%	2.41%	2.41%
S&P MidCap 400	-3.11%	-8.58%	-1.95%	-1.95%
Russell 2000	-2.57%	-8.89%	-1.70%	-1.70%
MSCI EAFE	-3.13%	-3.02%	2.64%	2.64%
MSCI Emerging Markets	-0.28%	-1.14%	-0.25%	-0.25%
MSCI EAFE Small Cap	-3.53%	-3.97%	0.96%	0.96%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	1.35%	2.13%	2.17%	2.17%
Bloomberg US Agg	1.43%	2.48%	2.90%	2.90%
Bloomberg US High Yield	-0.42%	-1.00%	1.44%	1.44%
Other				
Bloomberg Commodity	-1.78%	-3.14%	-8.14%	-8.14%
S&P Dev Property	-1.12%	-5.92%	-2.28%	-2.28%
HFRR Global Hedge Fund	-1.07%	-1.54%	-0.36%	-0.36%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	2.37%	-2.76%	9.51%	9.51%
Consumer Staples	1.39%	0.08%	-3.19%	-3.19%
Energy	-6.92%	-8.12%	-12.26%	-12.26%
Financials	-6.04%	-13.34%	-9.52%	-9.52%
Health Care	1.37%	-1.05%	-7.38%	-7.38%
Industrials	-2.44%	-4.26%	-1.58%	-1.58%
Info Technology	5.67%	5.11%	15.42%	15.42%
Materials	-3.41%	-7.75%	-2.79%	-2.79%
Real Estate	0.59%	-4.88%	-1.85%	-1.85%
Communication Svcs	6.94%	5.21%	14.85%	14.85%
Utilities	3.96%	2.97%	-5.04%	-5.04%

Bond Yields

	3/17/23	2/28/23	12/31/22	12/31/22
3Mo Libor	5.00%	4.97%	4.77%	4.77%
SOFR 3Mo Swap	4.76%	4.89%	4.59%	4.59%
2Yr Treasury	3.81%	4.81%	4.41%	4.41%
10Yr Treasury	3.39%	3.92%	3.88%	3.88%
2-10 Slope	-0.42%	-0.89%	-0.53%	-0.53%

Commodities and Currency

	3/17/23	2/28/23	12/31/22	12/31/22
Oil (\$/barrel)	66.74	77.05	80.26	80.26
Gold (\$/oz.)	1989.25	1826.92	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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