

Weekly Market Update

Market Data as of Week Ending: 3/24/2023 unless noted otherwise

U.S. stock prices ended the week higher as the Fed remained resolute in its stance on fighting inflation and raised interest rates 0.25%, despite investor concerns in the banking industry. The trend of outperformance for the growth and size factors has been persistent for the past several weeks as growth stocks outperformed their value counterparts, and large companies outperformed their small and mid-sized peers. Nearly all major economic sectors ended the week with gains. Communication services, energy, materials, and information technology outperformed and were the best performing sectors. Sectors that are more sensitive to interest rates such as utilities, the only sector that was down, and real estate lagged. Developed foreign and emerging markets stocks delivered solid gains for the week and outperformed domestic equities.

U.S. Treasury yields remained volatile as investors absorbed new information from the Fed and recalibrated interest rate policy expectations for the rest of the year. The 2-year U.S. Treasury yield rose back above 4%, but following the Fed's decision, settled back and ended the week lower at 3.76%. The 10-year U.S. Treasury yield showed signs of a similar trend, advancing early in the week, but finished the week lower at 3.38%. Investment grade corporate bonds outperformed across the curve. High yield corporate bonds continued their trend of underperformance and lagged across the curve. Yields for investment grade corporate bonds and high yield bonds ended the week at 5.1% and 9.0%, respectively.

Investors were on edge leading up to the Fed's policy rate decision on Wednesday as a rapid shift in expectations in the prior two weeks left some investors unsure if the Fed would continue increasing rates. In addition to the Fed's policy decision, they revealed their updated Summary of Economic Projections (SEP). The Fed expects one more rate hike, and Chair Powell revealed that no cuts are anticipated through the end of this year. GDP growth for the year was lowered to 0.4%, the unemployment rate was lowered to 4.5%, and inflation expectations for headline and core have increased to 3.3% and 3.6%, respectively. It was a light week for economic data, but on the positive side, existing home sales increased for the first time in 12 months, and new home sales increased for the third consecutive month. S&P Global's preliminary estimate for US PMI came in higher than expected at 53.3, a 10-month high, driven by strong results from the services sector and improving conditions in manufacturing. However, new orders have declined for six consecutive months in manufacturing. In Europe, the preliminary PMI from S&P Global showed a similar situation to the U.S. with a composite reading of 54.1, also a 10-month high, driven by growth in the services sector.

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

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	1.00%	1.33%	1.64%	-4.37%	-0.49%	3.44%	-2.96%	3.66%	10.73%	-2.96%	3.66%	10.73%
Mid	0.75%	0.79%	0.85%	-7.70%	-6.09%	-3.17%	-3.45%	-0.76%	4.24%	-3.45%	-0.76%	4.24%
Small	0.33%	0.53%	0.72%	-10.44%	-8.41%	-6.44%	-4.16%	-1.18%	1.75%	-4.16%	-1.18%	1.75%

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	0.37%	0.43%	0.06%	2.51%	3.01%	5.21%	2.35%	2.83%	6.65%	2.35%	2.83%	6.65%
Corp	0.77%	0.87%	0.84%	1.44%	2.07%	3.72%	1.81%	2.57%	4.84%	1.81%	2.57%	4.84%
HY	0.15%	0.36%	-0.09%	-0.86%	-0.67%	-0.49%	1.61%	1.81%	1.51%	1.61%	1.81%	1.51%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	1.41%	0.16%	3.86%	3.86%
S&P MidCap 400	1.25%	-7.43%	-0.72%	-0.72%
Russell 2000	0.53%	-8.41%	-1.18%	-1.18%
MSCI EAFE	1.59%	-1.48%	4.28%	4.28%
MSCI Emerging Markets	2.23%	1.06%	1.97%	1.97%
MSCI EAFE Small Cap	0.59%	-3.40%	1.56%	1.56%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	0.57%	2.72%	2.75%	2.75%
Bloomberg US Agg	0.52%	3.01%	3.44%	3.44%
Bloomberg US High Yield	0.35%	-0.66%	1.80%	1.80%
Other				
Bloomberg Commodity	0.51%	-2.64%	-7.67%	-7.67%
S&P Dev Property	-1.41%	-7.24%	-3.66%	-3.66%
HFRX Global Hedge Fund	-0.06%	-1.67%	-0.49%	-0.49%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	0.44%	-2.33%	9.99%	9.99%
Consumer Staples	1.58%	1.66%	-1.66%	-1.66%
Energy	2.29%	-6.01%	-10.25%	-10.25%
Financials	0.58%	-12.84%	-9.00%	-9.00%
Health Care	1.51%	0.44%	-5.97%	-5.97%
Industrials	0.67%	-3.61%	-0.92%	-0.92%
Info Technology	2.07%	7.28%	17.80%	17.80%
Materials	2.16%	-5.76%	-0.69%	-0.69%
Real Estate	0.00%	-4.88%	-1.85%	-1.85%
Communication Svcs	3.40%	8.79%	18.76%	18.76%
Utilities	-1.16%	1.78%	-6.14%	-6.14%

Bond Yields

	3/24/23	2/28/23	12/31/22	12/31/22
3Mo Libor	5.10%	4.97%	4.77%	4.77%
SOFR 3Mo Swap	4.83%	4.89%	4.59%	4.59%
2Yr Treasury	3.76%	4.81%	4.41%	4.41%
10Yr Treasury	3.38%	3.92%	3.88%	3.88%
2-10 Slope	-0.38%	-0.89%	-0.53%	-0.53%

Commodities and Currency

	3/24/23	2/28/23	12/31/22	12/31/22
Oil (\$/barrel)	69.31	77.05	80.26	80.26
Gold (\$/oz.)	1978.21	1826.92	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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