

# Weekly Market Update

Market Data as of Week Ending: 5/5/2023 unless noted otherwise

Volatility increased and U.S. stock prices delivered mixed results following another bank failure and the Fed's decision to raise policy rates for the tenth consecutive meeting. Quarterly earnings have been better than expected (79% have reported a positive EPS surprise) as we approach the end of this quarterly earnings season. 85% of companies in the S&P 500 have reported quarterly results, and the blended earnings decline has improved to -2.2%, up from -6.7% on March 31st, according to FactSet. Growth stocks outperformed their value counterparts, while smaller companies outperformed their mid and large sized peers. Only three sectors finished the week with gains, led by information technology and followed by utilities and health care. The energy sector declined more than 5% as the price of oil fell more than \$5/barrel. Developed foreign and emerging markets stocks were a bright spot for the week as both delivered modest gains and outperformed domestic equities.

U.S. Treasury yields were mixed as the 2-year declined to 3.92% and the 10-year was unchanged at 3.44%. Investors recalibrated expectations following the Fed's policy rate decision and the lowest unemployment rate since 1969. Short duration government bonds were the best performing sector, while long duration corporate bonds significantly underperformed as long duration yields increased. Yields for investment grade corporate bonds and high yield bonds ended the week at 5.15% and 8.64%, respectively.

Economic data for the week was largely overshadowed by the Fed's decision to increase the policy rate to 5.25%. The decision was largely expected, and they replaced language that pointed toward additional hikes with a more vague statement regarding the "cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments." The headline economic data was the jobs report released on Friday that showed a strong monthly increase of 253,000 jobs in April and the lowest unemployment rate (3.4%) in more than 40 years. Manufacturing data was mixed as figures from S&P came in at 50.2, and ISM remains lower at 47.1. Services data remains an area of strength as both sources came in better than expected at 53.6 and 51.9 from S&P and ISM, respectively. Another sign of stabilization is that the number of job openings declined to 9.6 million. In Europe, the ECB reduced their policy rate hikes to a 0.25% increase, bringing the policy rate to 3.25%, as expected.

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

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	-1.70%	-0.77%	0.12%	-1.70%	-0.77%	0.12%	-0.22%	0.46%	1.11%	0.78%	7.96%	15.63%
Mid	-1.41%	-1.19%	-0.80%	-1.41%	-1.19%	-0.80%	-1.40%	-1.71%	-2.24%	-0.10%	2.28%	6.69%
Small	-1.17%	-0.49%	0.13%	-1.17%	-0.49%	0.13%	-3.64%	-2.28%	-1.03%	-4.27%	0.40%	4.98%

## 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	0.32%	0.32%	-0.98%	0.32%	0.32%	-0.98%	0.75%	0.86%	-0.46%	2.62%	3.14%	5.67%
Corp	0.06%	-0.13%	-1.47%	0.06%	-0.13%	-1.47%	0.75%	0.64%	-0.73%	2.45%	3.16%	4.67%
HY	-0.35%	-0.37%	-0.55%	-0.35%	-0.37%	-0.55%	0.53%	0.64%	0.07%	3.64%	4.22%	3.74%

## Index Returns

	Week	MTD	QTD	YTD
	Equities (Stocks)			
S&P 500	-0.78%	-0.78%	0.77%	8.33%
S&P MidCap 400	-1.16%	-1.16%	-1.93%	1.80%
Russell 2000	-0.49%	-0.49%	-2.28%	0.40%
MSCI EAFE	0.16%	0.16%	2.99%	11.70%
MSCI Emerging Markets	0.51%	0.51%	-0.63%	3.30%
MSCI EAFE Small Cap	0.62%	0.62%	2.64%	7.69%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	0.18%	0.18%	0.79%	3.14%
Bloomberg US Agg	-0.05%	-0.05%	0.55%	3.53%
Bloomberg US High Yield	-0.38%	-0.38%	0.62%	4.21%
Other				
Bloomberg Commodity	-1.20%	-1.20%	-1.94%	-7.20%
S&P Dev Property	0.32%	0.32%	2.26%	2.99%
HFRX Global Hedge Fund	-0.12%	-0.12%	0.22%	0.22%

## S&P 500 Sector Returns

	Week	MTD	QTD	YTD
	Consumer Disc	-0.35%	-0.35%	-1.29%
Consumer Staples	-0.37%	-0.37%	3.21%	4.06%
Energy	-5.81%	-5.81%	-2.70%	-7.24%
Financials	-2.61%	-2.61%	0.49%	-5.10%
Health Care	0.09%	0.09%	3.17%	-1.28%
Industrials	-0.46%	-0.46%	-1.64%	1.77%
Info Technology	0.62%	0.62%	1.08%	23.13%
Materials	-1.10%	-1.10%	-1.23%	3.00%
Real Estate	-0.82%	-0.82%	0.15%	2.10%
Communication Svcs	-2.29%	-2.29%	1.40%	22.19%
Utilities	0.10%	0.10%	1.97%	-1.34%

## Bond Yields

	5/5/23	4/30/23	3/31/23	12/31/22
3Mo Libor	5.34%	5.30%	5.19%	4.77%
SOFR 3Mo Swap	5.07%	5.07%	4.91%	4.59%
2Yr Treasury	3.92%	4.04%	4.06%	4.41%
10Yr Treasury	3.44%	3.44%	3.48%	3.88%
2-10 Slope	-0.48%	-0.60%	-0.58%	-0.53%

## Commodities and Currency

	5/5/23	4/30/23	3/31/23	12/31/22
Oil (\$/barrel)	71.34	76.78	75.67	80.26
Gold (\$/oz.)	2016.79	1990	1969.28	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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