

Weekly Market Update



Market Data as of Week Ending: 5/12/2023 unless noted otherwise

U.S. stock prices were mixed as inflation remains elevated and debt ceiling negotiations intensified. Quarterly earnings have been better than expected (78% have reported a positive EPS surprise) as we approach the end of this quarterly earnings season. 92% of companies in the S&P 500 have reported quarterly results, and the blended earnings decline has improved to -2.5%, up from -6.7% on March 31st, according to FactSet. The trend of outperformance for growth stocks continued; however, large companies rotated back into favor and outperformed their small and mid-sized peers. Only three sectors finished the week with gains, led by communication services and followed by consumer discretionary and consumer staples. For the second consecutive week, the energy sector was the worst-performing sector, as the price of oil declined again and finished the week at \$70 per barrel. Developed foreign and emerging markets stocks also declined for the week, and both markets lagged domestic equities.

U.S. Treasury yields rose as consumer inflation expectations increased to 3.2% over the next five years, the highest level since 2011. The 2-year and 10-year Treasury yields ended the week at 3.98% and 3.46%, respectively. All segments declined, but short duration outperformed, and government bonds lagged as many investors in the bond market are willing to accept more credit risk. Yields for investment grade corporate bonds and high yield bonds edged higher and ended the week at 5.2% and 8.7%, respectively.

Economic data for the week was highlighted by inflation data for the month of April from the Consumer Price Index (CPI). Headline and core CPI both rose 0.4%, compared to the same period last month, as expected. Annual inflation (year-over-year) increased at a slower rate of 4.9% and 5.5% for headline and Core CPI, respectively. The headline figure was the lowest annual increase since April 2021. Services inflation, excluding housing (also referred to as "supercore" inflation), rose only 0.1% and was the lowest reading in nearly three years. Other inflation data released included the University of Michigan's survey of consumer expectations that showed some easing over the next year to 4.5% but an increase to 3.2% over the next five years. Weekly jobless claims continue to trend higher and rose to 264,000, up from the prior week at 242,000. In Europe, the Bank of England increased the policy rate to 4.25%, its highest level since 2008.

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

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	-1.05%	-0.23%	0.53%	-2.74%	-1.00%	0.65%	-1.27%	0.23%	1.65%	-0.28%	7.71%	16.25%
Mid	-1.15%	-0.73%	0.00%	-2.54%	-1.90%	-0.80%	-2.53%	-2.42%	-2.23%	-1.24%	1.54%	6.70%
Small	-1.37%	-1.04%	-0.75%	-2.53%	-1.52%	-0.62%	-4.96%	-3.29%	-1.77%	-5.59%	-0.65%	4.19%

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	-0.06%	-0.09%	-0.43%	0.26%	0.23%	-1.40%	0.69%	0.77%	-0.89%	2.56%	3.04%	5.22%
Corp	-0.03%	-0.09%	-0.37%	0.03%	-0.21%	-1.83%	0.72%	0.56%	-1.10%	2.42%	3.07%	4.29%
HY	-0.08%	-0.04%	-0.52%	-0.43%	-0.41%	-1.07%	0.45%	0.60%	-0.46%	3.55%	4.19%	3.20%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	-0.24%	-1.02%	0.53%	8.07%
S&P MidCap 400	-1.11%	-2.26%	-3.02%	0.67%
Russell 2000	-1.04%	-1.52%	-3.29%	-0.65%
MSCI EAFE	-0.67%	-0.51%	2.29%	10.95%
MSCI Emerging Markets	-0.86%	-0.35%	-1.48%	2.42%
MSCI EAFE Small Cap	-0.69%	-0.08%	1.93%	6.95%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	-0.09%	0.09%	0.71%	3.05%
Bloomberg US Agg	-0.23%	-0.28%	0.33%	3.30%
Bloomberg US High Yield	-0.05%	-0.43%	0.56%	4.15%
Other				
Bloomberg Commodity	-1.62%	-2.80%	-3.53%	-8.71%
S&P Dev Property	-1.77%	-1.46%	0.45%	1.16%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	0.63%	0.29%	-0.66%	15.36%
Consumer Staples	0.01%	-0.37%	3.22%	4.07%
Energy	-2.14%	-7.83%	-4.78%	-9.23%
Financials	-1.29%	-3.86%	-0.81%	-6.32%
Health Care	-1.09%	-1.00%	2.05%	-2.35%
Industrials	-1.05%	-1.51%	-2.67%	0.70%
Info Technology	-0.27%	0.34%	0.80%	22.79%
Materials	-1.96%	-3.03%	-3.16%	0.99%
Real Estate	-0.97%	-1.77%	-0.82%	1.11%
Communication Svcs	4.34%	1.95%	5.80%	27.49%
Utilities	-0.02%	0.09%	1.96%	-1.35%

Bond Yields

	5/12/23	4/30/23	3/31/23	12/31/22
3Mo Libor	5.32%	5.30%	5.19%	4.77%
SOFR 3Mo Swap	5.09%	5.07%	4.91%	4.59%
2Yr Treasury	3.98%	4.04%	4.06%	4.41%
10Yr Treasury	3.46%	3.44%	3.48%	3.88%
2-10 Slope	-0.52%	-0.60%	-0.58%	-0.53%

Commodities and Currency

	5/12/23	4/30/23	3/31/23	12/31/22
Oil (\$/barrel)	70.04	76.78	75.67	80.26
Gold (\$/oz.)	2010.77	1990	1969.28	1824.02

Past performance is not a guarantee of future results. We believe the information presented is reliable, but we do not guarantee its accuracy.