

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%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	-0.35%	-0.35%	-1.29%	14.64%
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

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