

# Weekly Market Update



Market Data as of Week Ending: 2/3/2023 unless noted otherwise

U.S. stock prices continued their rally last week as investors were able to glean some dovish remarks from the Federal Reserve as Fed Chair Jerome Powell acknowledged disinflationary signs for the first time. The estimated earnings decline for the fourth quarter has continued to worsen, expanding to -5.3% from -5.1% last week as negative earnings surprises from companies in the communication services, information technology, and consumer discretionary sectors have contributed to the downward revisions. Growth stocks once again outperformed their value-oriented counterparts while small and mid-sized companies generally outperformed their larger peers. Nine of the economic sectors delivered gains with notable strength in the consumer discretionary, information technology, and communication services sectors. Energy was the worst-performing sector along with traditionally defensive sectors which lagged with declines in the healthcare and utilities sectors. Developed foreign and emerging markets stocks ended the week with mixed results and lagged domestic equities.

U.S. Treasury yields had a volatile week as the Fed's rate hike sent yields lower mid-week before strong labor reports ultimately sent yields higher. The 10-year ended the week at 3.60% while the 2-year rose to 4.76%. Returns were generally positive across the quality and duration spectrum as long-duration high yield bonds were the best-performing segment. Yields came down slightly for investment grade corporate bonds and some spread tightening for high yield bonds, ending the week just below 5.0% and 8.0%, respectively.

Economic data came in mixed with better-than-expected employment data showing signs of persistent strength in the labor market despite the economy showing signs of fraying. The consumer confidence index fell to 107.1 in January, reflecting growing concerns about a potential recession. The ISM manufacturing index dropped to 47.4% from 48.4%, contracting for the third month in a row. U.S. factory orders rose 1.8% in December on strong civilian aircraft demand but were below estimates. The U.S. added 517,000 new jobs in January, the largest gain in six months and significantly stronger than the 187,000 forecasted. The U.S. unemployment rate fell to a 54-year low of 3.4%. The BoE and ECB each raised their key interest rates by 0.50% last week - while the ECB anticipates another 0.50% rate hike, the BoE hinted that rates may have peaked as they said a UK recession was likely to be "much shallower" than forecast in November.

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

	Value	Week Core	Growth	Value	MTD Core	Growth	Value	QTD Core	Growth	Value	YTD Core	Growth
Large	0.83%	1.77%	2.74%	0.43%	1.56%	2.74%	5.63%	8.37%	11.30%	5.63%	8.37%	11.30%
Mid	1.71%	2.13%	2.92%	0.93%	1.44%	2.40%	9.08%	9.87%	11.34%	9.08%	9.87%	11.34%
Small	4.20%	3.90%	3.61%	2.77%	2.79%	2.81%	12.57%	12.81%	13.04%	12.57%	12.81%	13.04%

## 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	-0.09%	-0.10%	0.15%	-0.20%	-0.23%	-0.18%	0.90%	1.36%	6.21%	0.90%	1.36%	6.21%
Corp	0.12%	0.21%	0.47%	-0.05%	0.01%	0.20%	1.53%	2.52%	7.12%	1.53%	2.52%	7.12%
HY	0.82%	0.98%	1.49%	0.87%	1.09%	1.47%	3.96%	4.89%	6.58%	3.96%	4.89%	6.58%

## Index Returns

	Week	MTD	QTD	YTD
<b>Equities (Stocks)</b>				
S&P 500	1.64%	1.48%	7.86%	7.86%
S&P MidCap 400	3.40%	2.10%	11.52%	11.52%
Russell 2000	3.90%	2.79%	12.81%	12.81%
MSCI EAFE	0.46%	0.88%	9.05%	9.05%
MSCI Emerging Markets	-1.18%	0.70%	8.65%	8.65%
MSCI EAFE Small Cap	0.41%	1.08%	8.63%	8.63%
<b>Fixed Income (Bonds)</b>				
Bloomberg Int Gov/Credit	0.00%	-0.15%	1.71%	1.71%
Bloomberg US Agg	0.03%	-0.05%	3.02%	3.02%
Bloomberg US High Yield	1.00%	1.11%	4.95%	4.95%
<b>Other</b>				
Bloomberg Commodity	-3.98%	-4.19%	-4.66%	-4.66%
S&P Dev Property	1.24%	1.45%	10.47%	10.47%

## S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	2.25%	1.77%	17.06%	17.06%
Consumer Staples	0.64%	-0.51%	-1.39%	-1.39%
Energy	-5.90%	-4.57%	-1.89%	-1.89%
Financials	1.01%	0.16%	7.04%	7.04%
Health Care	-0.10%	-0.46%	-2.32%	-2.32%
Industrials	1.72%	0.98%	4.74%	4.74%
Info Technology	3.76%	4.30%	14.02%	14.02%
Materials	0.03%	-1.46%	7.39%	7.39%
Real Estate	1.47%	0.85%	10.80%	10.80%
Communication Svcs	5.28%	5.77%	21.11%	21.11%
Utilities	-1.45%	-1.74%	-3.71%	-3.71%

## Bond Yields

	2/3/23	1/31/23	12/31/22	12/31/22
3Mo Libor	4.83%	4.81%	4.77%	4.77%
SOFR 3Mo Swap	4.71%	4.68%	4.59%	4.59%
2Yr Treasury	4.30%	4.25%	4.41%	4.41%
10Yr Treasury	3.53%	3.52%	3.88%	3.88%
2-10 Slope	-0.77%	-0.73%	-0.53%	-0.53%

## Commodities and Currency

	2/3/23	1/31/23	12/31/22	12/31/22
Oil (\$/barrel)	73.39	78.87	80.26	80.26
Gold (\$/oz.)	1864.97	1928.36	1824.02	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.