

Weekly Market Update



Market Data as of Week Ending: 3/17/2023 unless noted otherwise

U.S. stock prices were mixed as investors were more focused on the fallout from SVB Financial and Signature Bank instead of the February CPI report. Contagion remains a concern among some investors as stock prices of Credit Suisse and First Republic have been under significant pressure and are in the process of receiving financial support from the banking industry. The trend of outperformance for the growth and size factors intensified as large cap growth stocks gained more than 4% and small cap value declined nearly 4% in a volatile week of trading. Performance dispersion was also wide across economic sectors with notable losses in the energy, financials, materials, and industrials sectors. Information technology, communication services, and consumer discretionary outperformed and were the best performing sectors. Developed foreign and emerging markets stocks were down for the week and lagged domestic equities.

U.S. Treasury yields remained volatile as investor expectations have dramatically repriced how the Fed will handle interest rate policy for the rest of the year. The 2-year U.S. Treasury yield continued its descent early in the week and dropped below 4%, only a few days after rising above 5%. The 2-year rose back above 4% but ended the week at 3.81%, further illustrating investor concerns about the Fed's ability to avoid a recession. The 10-year U.S. Treasury yield was less volatile and showed more signs of a trend lower, ending the week at 3.39%. Higher quality and longer duration bonds outperformed as the theme of risk aversion remained in force. High yield corporate bonds declined again and lagged across the curve. Yields for investment grade corporate bonds and high yield bonds ended the week at 5.3% and 9.0%, respectively.

Inflation data was supposed to be the highlight of the week, but those results were less of a focus given the banking situation. Results from the February CPI report were mixed, as year-over-year headline and core inflation declined to 6% and 5.5%, respectively. Monthly figures continue to show stubbornly high results that were up 0.4% and 0.5%, respectively, for headline and core inflation. Retail sales were lower than expected, coming in at a decline of 0.4% for the month and added to concerns that strong results in January were merely an outlier. Industrial production was flat for the month and slightly below expectations. In Europe, financial markets were rattled by the news that Credit Suisse was under duress and all eyes shifted to the ECB, given that they are fighting a similar fact pattern of stubbornly high inflation and resilient consumer behavior. The ECB increased their policy rate by 0.5% to 3.0%, intended to reduce inflation, but gave no forward guidance.

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

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	-1.64%	1.25%	4.12%	-5.32%	-1.80%	1.77%	-3.92%	2.29%	8.94%	-3.92%	2.29%	8.94%
Mid	-3.05%	-2.03%	-0.24%	-8.39%	-6.82%	-3.98%	-4.17%	-1.53%	3.37%	-4.17%	-1.53%	3.37%
Small	-3.84%	-2.57%	-1.36%	-10.74%	-8.89%	-7.11%	-4.47%	-1.70%	1.02%	-4.47%	-1.70%	1.02%

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	1.50%	1.65%	1.33%	2.14%	2.56%	5.15%	1.98%	2.39%	6.59%	1.98%	2.39%	6.59%
Corp	0.34%	0.68%	0.92%	0.66%	1.19%	2.86%	1.03%	1.68%	3.97%	1.03%	1.68%	3.97%
HY	-0.58%	-0.42%	-0.17%	-1.02%	-1.03%	-0.40%	1.45%	1.44%	1.59%	1.45%	1.44%	1.59%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	1.47%	-1.23%	2.41%	2.41%
S&P MidCap 400	-3.11%	-8.58%	-1.95%	-1.95%
Russell 2000	-2.57%	-8.89%	-1.70%	-1.70%
MSCI EAFE	-3.13%	-3.02%	2.64%	2.64%
MSCI Emerging Markets	-0.28%	-1.14%	-0.25%	-0.25%
MSCI EAFE Small Cap	-3.53%	-3.97%	0.96%	0.96%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	1.35%	2.13%	2.17%	2.17%
Bloomberg US Agg	1.43%	2.48%	2.90%	2.90%
Bloomberg US High Yield	-0.42%	-1.00%	1.44%	1.44%
Other				
Bloomberg Commodity	-1.78%	-3.14%	-8.14%	-8.14%
S&P Dev Property	-1.12%	-5.92%	-2.28%	-2.28%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	2.37%	-2.76%	9.51%	9.51%
Consumer Staples	1.39%	0.08%	-3.19%	-3.19%
Energy	-6.92%	-8.12%	-12.26%	-12.26%
Financials	-6.04%	-13.34%	-9.52%	-9.52%
Health Care	1.37%	-1.05%	-7.38%	-7.38%
Industrials	-2.44%	-4.26%	-1.58%	-1.58%
Info Technology	5.67%	5.11%	15.42%	15.42%
Materials	-3.41%	-7.75%	-2.79%	-2.79%
Real Estate	0.59%	-4.88%	-1.85%	-1.85%
Communication Svcs	6.94%	5.21%	14.85%	14.85%
Utilities	3.96%	2.97%	-5.04%	-5.04%

Bond Yields

	3/17/23	2/28/23	12/31/22	12/31/22
3Mo Libor	5.00%	4.97%	4.77%	4.77%
SOFR 3Mo Swap	4.76%	4.89%	4.59%	4.59%
2Yr Treasury	3.81%	4.81%	4.41%	4.41%
10Yr Treasury	3.39%	3.92%	3.88%	3.88%
2-10 Slope	-0.42%	-0.89%	-0.53%	-0.53%

Commodities and Currency

	3/17/23	2/28/23	12/31/22	12/31/22
Oil (\$/barrel)	66.74	77.05	80.26	80.26
Gold (\$/oz.)	1989.25	1826.92	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.