

# Weekly Market Update



Market Data as of Week Ending: 5/26/2023 unless noted otherwise

U.S. stock prices were mixed last week as investors grappled with concerns about the debt ceiling, stubbornly high inflation, and a resilient U.S. consumer. The trend of outperformance for growth stocks intensified as higher growth stocks delivered gains that generally offset losses from stocks that trade at lower valuation multiples. The size factor rotated back into favor for large companies, and they once again outperformed their small and mid-sized peers. Most major economic sectors finished the week with losses; however, information technology was up more than 5% as NVIDIA surged on a favorable outlook for their semiconductor segment that focuses on AI. Traditionally defensive sectors, such as utilities, consumer staples, and health care, all lagged. Developed foreign and emerging markets stocks declined, and both markets lagged domestic equities.

U.S. Treasury yields rose again as the probability of another policy rate hike increased, and U.S. debt ceiling negotiations lingered. The yield on the 2-year note ended the week at 4.54% and reached its highest level in more than two months. The 10-year Treasury yield increased at a more modest pace and ended the week at 3.80%. All segments declined, with high yield bonds outperforming and government bonds lagging 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 5.5% and 8.9%, respectively.

Economic data for the week was better than expected as the U.S. consumer remains resilient despite higher prices and economic uncertainty. Personal spending increased 0.8% in the month of April, which was nearly double the consensus estimate. Meanwhile, inflation, as measured by the personal consumption expenditures (PCE) price index, increased 0.4% for both the headline and core (excluding food and energy) measures. Compared to the same period last year, Core PCE edged higher to 4.7%, indicating that the Fed may need to raise policy rates to reduce inflation. The U.S. jobless claims fell again to 229,000, well below the consensus figure of 245,000, and after revisions to the prior week, the trend is moving lower again. Survey data from S&P Global are indicating further strength from the U.S. economy as the composite index reached a 13-month high of 54.5 despite widening divergences between Services (55.1) and Manufacturing (48.5). Revisions to first-quarter GDP for Germany showed the second consecutive quarter of declines for the European country. Survey data has been softening in Europe, but the flash estimate for May showed that business output in the eurozone grew for the fifth consecutive month, according to S&P Global.

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

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	-1.24%	0.33%	1.74%	-3.16%	1.02%	4.99%	-1.70%	2.28%	6.02%	-0.71%	9.91%	21.25%
Mid	-1.38%	-1.03%	-0.45%	-3.36%	-1.89%	0.67%	-3.35%	-2.41%	-0.79%	-2.08%	1.55%	8.27%
Small	0.06%	-0.02%	-0.09%	-0.52%	0.36%	1.16%	-3.00%	-1.44%	-0.01%	-3.64%	1.26%	6.06%

## 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	-0.63%	-0.73%	-0.75%	-1.09%	-1.50%	-5.05%	-0.68%	-0.97%	-4.55%	1.17%	1.26%	1.33%
Corp	-0.40%	-0.43%	-0.18%	-1.00%	-1.58%	-4.47%	-0.31%	-0.82%	-3.75%	1.37%	1.66%	1.49%
HY	-0.18%	-0.37%	-0.15%	-0.79%	-1.17%	-2.36%	0.08%	-0.17%	-1.76%	3.17%	3.39%	1.85%

## Index Returns

	Week	MTD	QTD	YTD
<b>Equities (Stocks)</b>				
S&P 500	0.35%	1.02%	2.60%	10.29%
S&P MidCap 400	-0.51%	-1.77%	-2.54%	1.17%
Russell 2000	-0.02%	0.36%	-1.44%	1.26%
MSCI EAFE	-2.29%	-2.45%	0.31%	8.80%
MSCI Emerging Markets	-0.42%	-0.25%	-1.38%	2.52%
MSCI EAFE Small Cap	-3.00%	-3.28%	-1.34%	3.52%
<b>Fixed Income (Bonds)</b>				
Bloomberg Int Gov/Credit	-0.63%	-1.52%	-0.91%	1.40%
Bloomberg US Agg	-0.67%	-2.31%	-1.71%	1.20%
Bloomberg US High Yield	-0.36%	-1.21%	-0.22%	3.34%
<b>Other</b>				
Bloomberg Commodity	-0.88%	-3.67%	-4.40%	-9.52%
S&P Dev Property	-1.62%	-4.69%	-2.85%	-2.16%

## S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	0.37%	3.31%	2.34%	18.85%
Consumer Staples	-3.21%	-5.13%	-1.72%	-0.91%
Energy	-1.06%	-7.50%	-4.44%	-8.90%
Financials	-1.52%	-3.24%	-0.17%	-5.72%
Health Care	-2.86%	-4.45%	-1.52%	-5.76%
Industrials	-1.40%	-1.63%	-2.79%	0.58%
Info Technology	5.12%	9.97%	10.47%	34.57%
Materials	-3.06%	-5.37%	-5.50%	-1.45%
Real Estate	-1.36%	-5.41%	-4.49%	-2.63%
Communication Svcs	1.21%	6.34%	10.35%	32.98%
Utilities	-2.30%	-6.39%	-4.64%	-7.74%

## Bond Yields

	5/26/23	4/30/23	3/31/23	12/31/22
3Mo Libor	5.48%	5.30%	5.19%	4.77%
SOFR 3Mo Swap	5.28%	5.07%	4.91%	4.59%
2Yr Treasury	4.54%	4.04%	4.06%	4.41%
10Yr Treasury	3.80%	3.44%	3.48%	3.88%
2-10 Slope	-0.74%	-0.60%	-0.58%	-0.53%

## Commodities and Currency

	5/26/23	4/30/23	3/31/23	12/31/22
Oil (\$/barrel)	72.67	76.78	75.67	80.26
Gold (\$/oz.)	1946.46	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.