

Weekly Market Recap

The week in review

- 4Q Real GDP: +2.9% annualized
- PCE Price Index: +0.1% m/m
- Pending Home Sales: +2.5% m/m
- Initial claims fell to 186k

The week ahead

- FOMC Meeting
- Nonfarm Payrolls
- Mfg. and Services PMIs

Thought of the week

While the federal minimum wage will likely remain unchanged from \$7.25, 27 states and D.C. planned state minimum wage increases for 2023. On January 1, 23 increases went into effect that could drive wage growth higher in January's jobs report. The increases thus far have raised the U.S. population-weighted average minimum wage to \$10.87 from \$10.45, a 4.0% increase. Once the remaining increases are carried out, that average wage will rise to \$10.96 for a total increase of 4.8%.

Regionally, scheduled increases vary: the Northeast will experience the fastest growth compared to last year of 6.1%, while the South, with only four states and D.C. raising their minimum wages, will experience the slowest growth of 3.4%. The West and Midwest will experience increases roughly in-line with the national average.

These increases could exert upward pressure on wages more broadly, even for those workers earning above the minimum wage. Wage growth has been a critical data point to the Fed as a signal of inflationary pressure, particularly in the services industries. Average hourly earnings have rolled over in the last four jobs reports and a one-time acceleration due to state minimum wage increases in January should not be interpreted as a sign that the Fed is losing its battle with inflation. The broader dynamic of slower wage growth and moderating inflation is still intact, supporting a smaller 0.25% rate hike at the FOMC meeting this week.

Please see important disclosures on next page.

Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	4071	2.48	6.11	6.11	-4.35	31.77
Dow Jones 30	33978	1.81	2.60	2.60	1.57	26.71
Russell 2000	4750	2.37	8.58	8.58	0.40	20.69
Russell 1000 Growth	1545	3.40	8.33	8.33	-10.46	32.56
Russell 1000 Value	967	1.78	4.77	4.77	1.78	26.18
MSCI EAFE	2109	1.40	8.56	8.56	-1.07	14.61
MSCI EM	1051	1.44	9.96	9.96	-8.82	3.47
NASDAQ	11622	4.32	11.07	11.07	-12.22	30.22

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.31	0.09	2.99	2.99	-8.40	-6.64
U.S. Corporates	5.00	0.24	3.78	3.78	-9.65	-6.80
Municipals (10yr)	2.63	0.02	2.65	2.65	-1.75	0.47
High Yield	8.17	0.38	3.91	3.91	-5.39	4.31

Key Rates	Levels (%)					
	1/27/23	1/20/23	12/30/22	12/30/22	1/27/22	1/27/20
2-yr U.S. Treasuries	4.19	4.14	4.41	4.41	1.18	1.44
10-yr U.S. Treasuries	3.52	3.48	3.88	3.88	1.81	1.61
30-yr U.S. Treasuries	3.64	3.66	3.97	3.97	2.09	2.05
10-yr German Bund	2.26	2.15	2.53	2.53	-0.05	-0.38
3-mo. LIBOR	4.80	4.82	4.77	4.77	0.30	1.77
3-mo. EURIBOR	2.49	2.42	2.13	2.13	-0.55	-0.40
6-mo. CD rate	N/A	1.83	1.80	1.80	0.16	0.75
30-yr fixed mortgage	6.20	6.20	6.58	6.58	3.72	3.81
Prime Rate	7.50	7.50	7.50	7.50	3.25	4.75

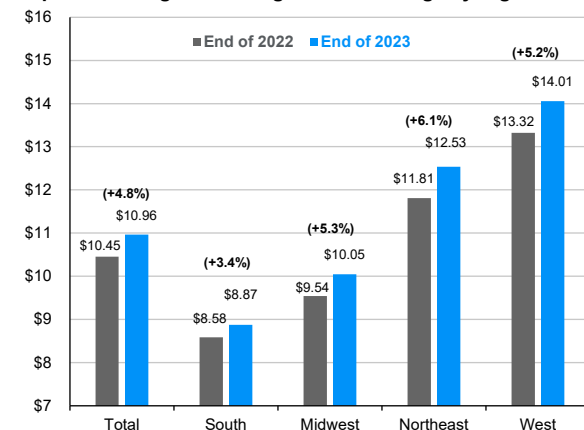
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
17.93	3.94	1.58	34063
17.55	4.46	2.02	9814
20.93	2.00	1.27	2457
23.06	9.29	0.96	18514
14.91	2.43	2.10	19177
13.05	1.68	3.29	15446
12.66	1.67	3.36	6946
25.13	4.90	0.87	18848

Currencies	Levels		
	1/27/23	12/30/22	1/27/22
\$ per €	1.08	1.07	1.11
\$ per £	1.24	1.20	1.34
¥ per \$	129.98	131.95	115.45

Commod.	Levels		
	1/27/23	12/30/22	1/27/22
Oil (WTI)	81.01	80.16	87.61
Gasoline	3.42	3.09	3.32
Natural Gas	2.94	3.52	4.43
Gold	1923	1814	1807
Silver	23.73	23.95	23.17
Copper	9346	8387	9872
Corn	6.18	6.14	6.15
BBG Idx	244.15	245.89	226.82

Chart of the Week

Population-weighted average minimum wage by region



Style Returns

	V	B	G
L	1.8	2.5	3.4
M	2.5	2.6	2.8
S	2.2	2.4	2.5
	V	B	G
L	4.8	6.1	8.3
M	7.3	7.6	8.2
S	8.0	8.6	9.1

S&P 500 Sector Returns

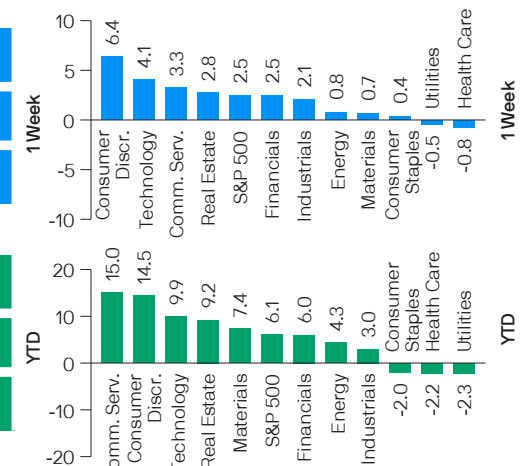




Chart of the Week: Source: BLS, Census Bureau, D.C. DOES, EPI, Paycor, J.P. Morgan Asset Management. Population estimates are as of July 1, 2022. The federal minimum wage set the lower bound for state minimum wages. State minimum wages based on firm size were adjusted using the distribution of private sector employment by firm size class data as of 1Q 2022.

Thought of the week: Source: BLS, Census Bureau, D.C. DOES, EPI, Paycor, J.P. Morgan Asset Management.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.) ; provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI - EAFE; provided by: MSCI - gross official pricing. Index: MSCI - EM; provided by: MSCI - gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Bloomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI. 0903c02a81dbac80

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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