

# Weekly Market Recap

## The week in review

- The Fed hiked rates by 0.25% to a range of 5.00-5.25%
- March job openings fell to 9.6M from 10.0M
- Nonfarm payrolls rose to 253K, unemployment fell to 3.4%

## The week ahead

- CPI
- Prelim. consumer sentiment
- Import prices

## Thought of the week

Last week, the Federal Reserve delivered what many expect to be the last rate hike of this cycle, bringing the federal funds rate to a range of 5.00-5.25%. With the Fed now potentially on pause, at least for a while, investors are shifting their focus away from the risk of further Fed tightening and towards the risk of recession, as the fallout from the regional banking crisis casts a shadow on the economic outlook. Recent data have shown a loss of economic momentum, with declining job openings, tightening lending conditions and surveys indicating lower business spending and hiring plans. Yet, despite expectations for a slowdown, the April Jobs report showed better-than-expected payroll gains, a decrease in unemployment and an uptick in wage growth. The report overall was strong, though large downward revisions to the prior two months added a layer of softness to the recent trend. Still, while layoff announcements and unemployment claims have been rising in recent months, excess demand for workers has seemingly been enough to absorb those layoffs so far and keep unemployment at bay. Wage growth continues to be too high for the Fed's comfort, but while wages may have bounced last month, compared to a year ago they are still steadily declining, as shown in the chart. Moreover, as the worsening economic outlook induces businesses to cut back on spending and hold off on hiring plans, it's difficult to imagine wage growth can increase sustainably from here. Because of this, and the expected toll that credit tightening will have on growth in the coming months, we still expect the Fed to stay on pause in June and potentially pivot to easing monetary policy in response to recession later this year.

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	4136	-0.78	0.77	8.33	1.49	51.29
Dow Jones 30	33674	-1.23	1.31	2.25	4.26	49.92
Russell 2000	4374	-0.49	-2.28	0.40	-4.49	43.48
Russell 1000 Growth	1645	0.12	1.11	15.63	2.97	47.62
Russell 1000 Value	925	-1.70	-0.22	0.78	-1.47	51.15
MSCI EAFE	2145	0.20	3.13	12.02	11.25	44.93
MSCI EM	982	0.52	-0.60	3.39	-4.07	19.17
NASDAQ	12235	0.09	0.15	17.22	0.23	42.18

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.31	-0.05	0.55	3.53	0.23	-8.98
U.S. Corporates	5.15	-0.59	0.17	3.68	0.85	-5.83
Municipals (10yr)	2.82	0.35	0.12	2.88	5.78	3.32
High Yield	8.64	-0.38	0.62	4.21	1.38	14.20

Key Rates	Levels (%)						
	5/5/23	4/28/23	3/31/23	12/30/22	5/5/22	5/5/20	
2-yr U.S. Treasuries	3.92	4.04	4.06	4.41	2.71	0.19	
10-yr U.S. Treasuries	3.44	3.44	3.48	3.88	3.05	0.66	
30-yr U.S. Treasuries	3.76	3.67	3.67	3.97	3.15	1.32	
10-yr German Bund	2.28	2.35	2.33	2.53	1.01	-0.57	
3-mo. LIBOR	5.32	5.30	5.19	4.77	1.37	0.47	
3-mo. EURIBOR	3.28	3.27	3.04	2.13	-0.42	-0.30	
6-mo. CD rate	1.89	1.89	1.88	1.80	0.31	0.44	
30-yr fixed mortgage	6.50	6.50	6.40	6.58	5.36	3.40	
Prime Rate	8.25	8.00	8.00	7.50	4.00	3.25	

Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
18.02	3.80	1.61	34582
16.91	4.21	2.04	10624
20.10	1.89	1.41	2232
24.11	9.01	0.94	19656
14.15	2.29	2.26	18278
13.06	1.68	3.11	15694
12.12	1.55	3.33	6506
25.84	4.85	0.86	19764

Currencies	Levels		
	5/5/23	12/30/22	5/5/22
\$ per €	1.10	1.07	1.05
\$ per £	1.26	1.20	1.24
¥ per \$	134.90	131.95	130.25

Commod.	Levels		
	5/5/23	12/30/22	5/5/22
Oil (WTI)	68.56	80.16	108.17
Gasoline	3.60	3.09	4.18
Natural Gas	2.10	3.52	8.42
Gold	2001	1814	1892
Silver	25.84	23.95	22.92
Copper	8488	8387	9541
Corn	6.10	6.14	7.83
BBG Idx	228.19	245.89	283.22

## Chart of the Week

### Wage growth has been steadily falling since April 2022



## Style Returns

	V	B	G
L	-1.7	-0.8	0.1
M	-1.4	-1.2	-0.8
S	-1.2	-0.5	0.1
	V	B	G
L	0.8	8.3	15.6
M	-0.1	2.3	6.7
S	-4.3	0.4	5.0

## S&P 500 Sector Returns

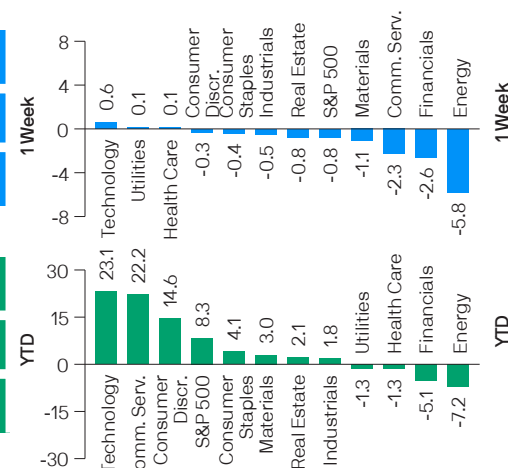




Chart of the Week: Source: BLS, J.P. Morgan Asset Management.  
Thought of the week: Source: BLS, J.P. Morgan Asset Management.

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.

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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