



Weekly Recap

The holiday-shortened week was very quiet but provided several important economic activity reports. The U.S. Institute for Supply Management (ISM) manufacturing index missed consensus, declining to 46.3 in March. New orders also weakened month-over-month to 44.3. This is the lowest headline print in nearly 3 years indicating contraction within the manufacturing sector. The Job Openings and Labor Turnover Survey (JOLTS) for February printed a significant drop to 9.931M job openings, well below consensus of 10.4M. ISM services index missed consensus at 51.2, lowest level since December with new orders and prices paid indexes down. March ADP private payrolls increased by 145k, below consensus of 205k. U.S. nonfarm payrolls growth cooled on Friday, rising 236k in March, while the unemployment rate tightened to 3.5%. In aggregate, the downside economic surprises throughout the week have heightened growth worries among investors. There has been some support to the bearish outlook as Treasury yields were down big for the week and an equity rotation to less interest rate sensitive sectors. Nonetheless, consumer spending surprisingly remains quite resilient, although it shows signs of slowing. The S&P 500, Nasdaq, and Dow Jones Industrial Average finished the 4-day trading week -0.10%, -1.10% and +0.63%, respectively. The industrials sector was the obvious underperformer, -3.37%. With the market closed on Friday, Monday trading will be closely watched to see the response of investors given the negative macro surprises printed this week.

Key Thought for The Week

The first quarter of trading in 2023 has highlighted a divide between the performance of the top companies and the average stock. While the S&P 500 has risen by 7%, the average stock has only increased by 1%. Narrow leadership masks how challenging the investing environment has been, but more importantly, a market rally built on a narrow foundation can lead to a less stable market. The large-cap market capitalization-weighted index has been boosted by a handful of mega-cap companies, including Apple and Microsoft, adding nearly \$2 trillion in market cap this year. Ten stocks have accounted for approximately 90% of the market's gains in 2023. The influence of these mega-cap stocks on the index has far outweighed the impact of the biggest losers this year. The current market rally is mainly due to macro forces, such as the decline in bond yields, which has lifted growth-oriented stocks with stable business models. Estimated growth for both the overall economy and earnings continue to slide, so economically exposed sectors have fallen, resulting in a significant divergence in sector performance. For the equity market rally to be durable and for investors to gain confidence, we will need to see broader participation in the advance. In the short-term, investors will need to continue to deal with volatile capital flows and rapid rotations between sectors, but as investors with a long-term orientation our focus needs to be on high-quality companies that are well positioned to perform over a full market cycle.

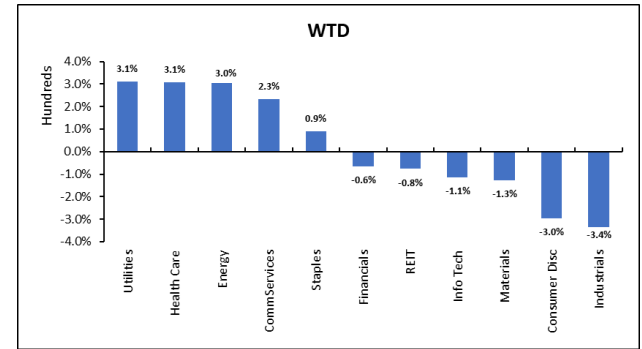
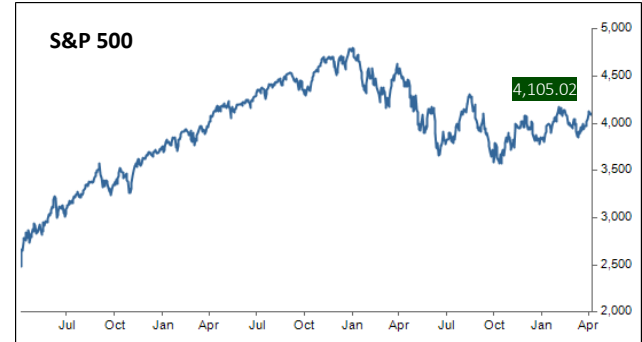
4/7/2023	Wk	Wk	YTD	12 Mos
	Net	%	Div	%
	Change	Change	Yield	Change
STOCKS				
DJIA	33,485.29	211.14	0.63	2.09
S&P 500	4,105.02	-4.29	-0.10	1.68
NASDAQ	12,087.96	-133.95	-1.10	0.89
S&P MidCap 400	2,447.09	-65.07	-2.59	1.92
EAFE	2,100.33	7.73	0.37	3.31
Emerging Market	984.43	-5.85	-0.59	3.21

TREASURIES	Yield	FOREX	Price	Wk
			Change	%
1-Year	4.60	USD/EUR	1.09	0.67
2-Year	3.97	JPY/USD	132.12	0.55
5-Year	3.48	USD/GBP	1.24	0.70
10-Year	3.38	CAD/USD	1.35	0.09
30-Year	3.60			

Source: FactSet/Bloomberg

Sector - Large Cap	Wk	Wk	WTD	MTD	QTD	YTD
	Net	%				
	Change	Change				
Defensive						
Staples	787.45	7.07	0.9%	0.9%	0.9%	1.1%
Health Care	1,557.33	46.60	3.1%	3.1%	3.1%	(1.8%)
CommServices	196.00	4.47	2.3%	2.3%	2.3%	23.0%
Eco Sensitive						
Consumer Disc	1,129.59	-34.39	(3.0%)	(3.0%)	(3.0%)	12.3%
Energy	654.14	19.24	3.0%	3.0%	3.0%	(2.7%)
Industrials	827.76	-28.83	(3.4%)	(3.4%)	(3.4%)	(0.4%)
Info Tech	2,608.75	-30.23	(1.1%)	(1.1%)	(1.1%)	20.1%
Materials	501.51	-6.41	(1.3%)	(1.3%)	(1.3%)	2.4%
Interest Rate Sensitive						
Financials	531.81	-3.47	(0.6%)	(0.6%)	(0.6%)	(6.7%)
Utilities	354.72	10.71	3.1%	3.1%	3.1%	(1.0%)
REIT	232.97	-1.81	(0.8%)	(0.8%)	(0.8%)	0.3%

COMING UP NEXT WEEK		Consensus	Prior
04/12 CPI ex-Food & Energy SA M/M	(Mar)	0.40%	0.50%
04/12 CPI SA M/M	(Mar)	0.30%	0.40%
04/12 CPI NSA Y/Y	(Mar)	5.2%	6.0%
04/13 PPI ex-Food & Energy SA M/M	(Mar)	0.30%	0.0%
04/13 PPI SA M/M	(Mar)	0.20%	-0.10%
04/13 PPI NSA Y/Y	(Mar)	-	4.6%
04/14 Retail Sales SA M/M	(Mar)	-0.30%	-0.40%
04/14 Capacity Utilization NSA	(Mar)	78.9%	79.1%
04/14 Industrial Production SA M/M	(Mar)	0.35%	-0.02%
04/14 Michigan Sentiment NSA (Preliminary)	(Apr)	64.0	62.0



Russell Style Return

WTD	Value	Blend	Growth
Large	0.08%	(0.29%)	(0.63%)
Medium	(1.54%)	(1.87%)	(2.43%)
Small	(2.62%)	(2.65%)	(2.67%)

YTD	Value	Blend	Growth
Large	1.06%	7.14%	13.64%
Medium	(0.25%)	2.10%	6.48%
Small	(3.27%)	0.01%	3.24%

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