



Weekly Recap

Big tech reported lackluster results led by Apple, Amazon and Alphabet, showing an economic slowdown is curbing demand. Despite the weaker than expected earnings for some tech companies, the S&P and NASDAQ both returned 1.62% and 3.31%, respectively, while the Dow declined -0.15%. Communication services was the top performing sector, returning 5.28%, supported by Meta, who reported strong Q4 earnings, while energy was the laggard returning -5.94%. Furthermore, the fixed income market showed volatility stemming from a combination of economic data and Fed announcements. Treasuries rallied on Wednesday following the 25-basis point hike from the Fed and commentary from Fed Chair Powell only to change course and sell off on Friday after the jobs and unemployment numbers were stronger than expected. The change in nonfarm payrolls was 329k higher than consensus and the unemployment rate dropped to 3.4%, showing the job market is still red hot despite the Fed's restrictive policy. The Fed indicated that slowing wage growth will be necessary to bring inflation closer to their 2% target. Yields on benchmark 10-year state and local debt fell 5.6 basis points to 2.18%, now yielding 64% of 10-year Treasuries. Trading volume in the municipal market totaled \$68.7B this week, up 10% from the previous period. With just 522 new issues in the month of January 2023 compared to 797 in January 2022, buyers are being forced to determine fair value with limited supply.

Key Thought for The Week

The FOMC met this week and unanimously voted to increase the Fed funds rate by an additional 25 basis points to a target range of between 4.50% and 4.75%. Fed officials have not tightened monetary policy this aggressively since the early 1980s. Moreover, their main objective is to bring down inflation that is still uncomfortably high even though it has been trending lower since June of 2022 according to the Consumer Price Index. Fed officials are concerned that the labor market is too tight to allow for their inflation objective to be achieved. Twelve to eighteen months ago the Fed was slow to react to escalating inflation, but at this point Fed officials want to achieve durable price stability as soon as possible. Furthermore, according to the Fed statement, "ongoing increases in the target range will be appropriate in order to attain a stance of monetary policy that is sufficiently restrictive to return inflation to 2% over time." There is a disconnect between the Fed and the market, as the market is currently pricing in one to two additional 25 basis point rate hikes and then pivoting to rate cuts at the end of this year. Ultimately, the economic data will determine the future path of interest rates and time will tell whether the optimism of the market on the inflation front is justified.

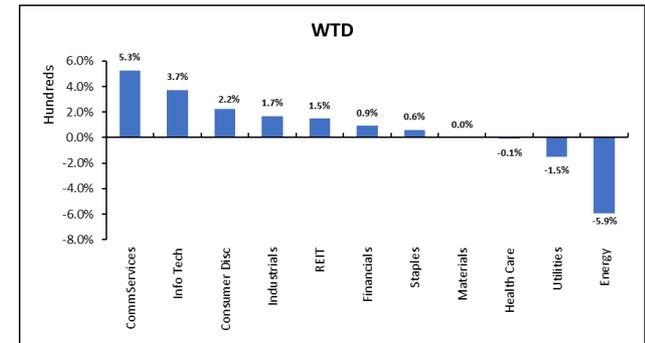
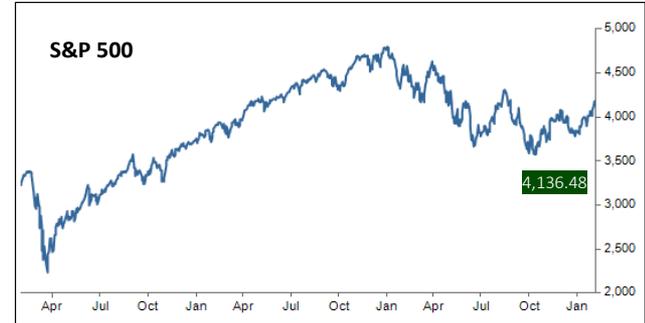
2/3/2023		Wk	Wk	Div	YTD	12 Mos
		Net	%	Yield	%	%
		Change	Change	Change	Change	Change
STOCKS	Close					
DJIA	33,926.01	-52.07	-0.15	2.03	2.35	-3.38
S&P 500	4,136.48	65.92	1.62	1.63	7.73	-7.62
NASDAQ	12,006.96	385.25	3.31	0.89	14.72	-13.49
S&P MidCap 400	2,707.47	88.00	3.36	1.67	11.40	3.38
EAFE	2,133.83	24.54	1.16	3.19	9.77	-5.65
Emerging Market	1,045.56	-5.63	-0.54	3.02	9.33	-13.61
TREASURIES	Yield			Wk		
2-Year	4.29			%		
5-Year	3.66			Change		
10-Year	3.53					
30-Year	3.62					
				Price		
				USD/EUR	1.08	-0.67
				JPY/USD	131.19	-1.00
				USD/GBP	1.21	-2.63
				CAD/USD	1.34	-0.64

Source: FactSet/Bloomberg

Sector - Large Cap

	Close	Wk	WTD	MTD	QTD	YTD
		Net				
		Change				
Defensive						
Staples	766.84	4.70	0.6%	(0.5%)	(1.6%)	(1.6%)
Health Care	1,546.32	-1.60	(0.1%)	(0.5%)	(2.5%)	(2.5%)
CommServices	192.55	9.65	5.3%	5.8%	20.8%	20.8%
Eco Sensitive						
Consumer Disc	1,176.67	25.86	2.2%	1.8%	17.0%	17.0%
Energy	658.95	-41.63	(5.9%)	(4.6%)	(2.0%)	(2.0%)
Industrials	870.28	14.55	1.7%	1.0%	4.7%	4.7%
Info Tech	2,475.27	89.37	3.7%	4.3%	14.0%	14.0%
Materials	525.63	0.17	0.0%	(1.5%)	7.4%	7.4%
Interest Rate Sensitive						
Financials	608.50	5.48	0.9%	0.1%	6.8%	6.8%
Utilities	345.05	-5.22	(1.5%)	(1.7%)	(3.7%)	(3.7%)
REIT	257.51	3.81	1.5%	0.9%	10.8%	10.8%

COMING UP NEXT WEEK		Consensus	Prior
02/07	Trade Balance SA	(Dec)	-67.8B
02/07	Consumer Credit SA	(Dec)	\$26.0B
02/08	Wholesale Inventories SA M/M (Final)	(Dec)	-
02/09	Continuing Jobless Claims SA	(01/28)	-
02/09	Initial Claims SA	(02/04)	-
02/10	Michigan Sentiment NSA (Preliminary)	(Feb)	64.8



Russell Style Return

	WTD	Value	Blend	Growth
Large	0.83%	1.77%	2.74%	
Medium	1.71%	2.13%	2.92%	
Small	4.20%	3.90%	3.61%	

	YTD	Value	Blend	Growth
Large	5.63%	8.37%	11.30%	
Medium	9.08%	9.87%	11.34%	
Small	12.57%	12.81%	13.04%	

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