



Weekly Recap

Following the worst week of the year for markets, U.S. equities rallied on Thursday and Friday to post modest gains, with the Dow, S&P 500, and Nasdaq finishing +1.75%, +1.90%, and +2.58%, respectively. January headline durable goods orders fell 4.5% month over month (m/m), the steepest decline since April 2020. However, core capital goods orders (excluding defense and aircraft) rose 0.8% m/m, exceeding expectations. January pending home sales increased 8.1% m/m beating estimates, but still down 24% year over year mainly due to high interest rates impacting affordability. Consumer confidence fell in February, with the decrease concentrated among lower-middle-income households. There has been little correlation between consumer confidence and consumer spending in recent months though, as a strong labor market has kept Americans spending despite a cautious outlook. The “higher for longer” narrative around interest rates continued to gain steam earlier this week, as Federal Reserve official Neel Kashkari stated he remains “open-minded” about whether to raise interest rates by 25 or 50 basis points (bps) at the next policy meeting in late March. Meanwhile, Atlanta Fed President Raphael Bostic prefers a 25 bps hike, but notes that data must be closely watched. Markets currently expect a 25 bps increase later this month. Utility stocks, which are generally attractive for their strong dividends, noticeably lagged this week as investors weigh the value of this sector versus rising bond yields. Briefly, this week, yields across the U.S. Treasury Curve rose above 4% for the first time since November 2022.

Key Thought for The Week

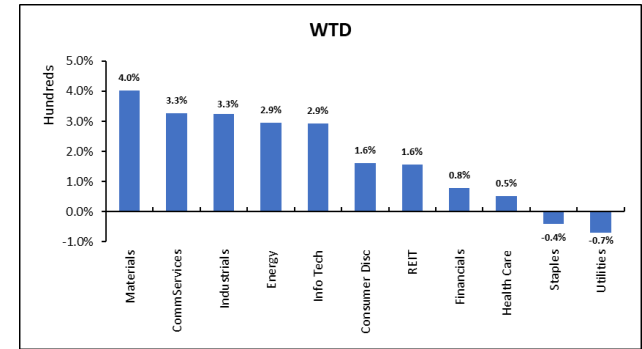
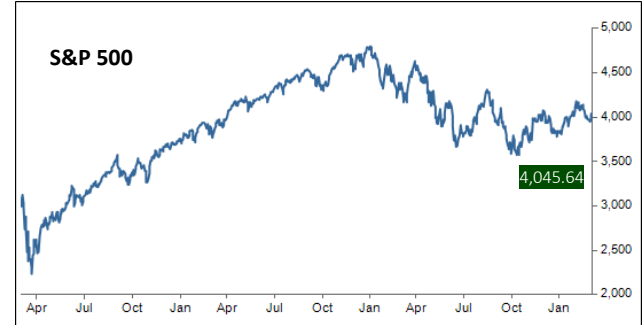
It has been nearly a year since the FOMC began policy tightening on March 16, 2022, with its first 25 basis point rate hike. While investors waited over a decade for sustainably higher yields on debt securities, the inverted yield curve has created somewhat of an enigma, particularly in 2023 as “keeping it short” remains a dominate investor theme. So where has the money gravitated the past year according to Bloomberg’s U.S. ETF fund flows? Curve positioning appears to have taken on a barbell shape. Ultra short, short-term, intermediate, and long-term debt have had net inflows of \$50.7B, \$31.7B, \$34.7B, and \$44B. Respectively, those are market cap increases of 48.2%, 12.7%, 14.7%, and 61.2%. From an asset class perspective, asset-backed securities, government bonds, and municipal bonds have experienced increases in their market caps of 119.3%, 69.8%, and 32%, respectively. Investment grade debt has had net inflows of \$120.2 billion which equates to a market cap increase of 33.6%. On the other side of the equation, preferred equity, inflation protected, bank loans, and high yield securities have had market cap decreases of 8.6%, 11.5%, 26.8%, and 5.1%, respectively.

3/3/2023		Wk Net Change	Wk % Change	Div Yield	YTD % Change	12 Mos % Change
STOCKS	Close					
DJIA	33,390.97	574.05	1.75	2.09	0.74	-1.19
S&P 500	4,045.64	75.60	1.90	1.69	5.37	-7.28
NASDAQ	11,689.01	294.06	2.58	0.92	11.68	-13.66
S&P MidCap 400	2,648.27	47.59	1.83	1.73	8.97	-0.35
EAFE	2,051.84	16.58	0.81	3.30	5.55	-2.66
Emerging Market	950.05	8.18	0.84	3.16	2.48	-16.42
TREASURIES	Yield				Wk % Change	
2-Year	4.86			USD/EUR	1.06	0.82
5-Year	4.25			JPY/USD	135.87	0.45
10-Year	3.95			USD/GBP	1.20	0.77
30-Year	3.88			CAD/USD	1.36	0.10
				FOREX	Price	% Change

Source: FactSet/Bloomberg

Sector - Large Cap	Close	Wk Net Change	WTD	MTD	QTD	YTD
Defensive						
Staples	755.69	-3.12	(0.4%)	0.5%	(3.0%)	(3.0%)
Health Care	1,503.32	7.68	0.5%	1.6%	(5.2%)	(5.2%)
CommServices	178.02	5.63	3.3%	2.6%	11.7%	11.7%
Eco Sensitive						
Consumer Disc	1,135.50	18.03	1.6%	0.5%	12.9%	12.9%
Energy	664.30	18.98	2.9%	4.1%	(1.2%)	(1.2%)
Industrials	874.52	27.53	3.3%	2.7%	5.2%	5.2%
Info Tech	2,441.83	69.46	2.9%	2.6%	12.4%	12.4%
Materials	531.90	20.57	4.0%	3.3%	8.7%	8.7%
Interest Rate Sensitive						
Financials	597.05	4.67	0.8%	0.7%	4.8%	4.8%
Utilities	334.84	-2.33	(0.7%)	1.8%	(6.6%)	(6.6%)
REIT	243.23	3.72	1.6%	1.4%	4.7%	4.7%

COMING UP NEXT WEEK		Consensus	Prior
03/06 Durable Orders SA M/M (Final)	(Jan)	-4.5%	-4.5%
03/06 Factory Orders SA M/M	(Jan)	-2.1%	1.8%
03/08 ADP Employment Survey SA	(Feb)	180.0K	106.0K
03/08 FED Chair Powell speaks to Congress	-	-	-
03/10 Hourly Earnings SA M/M (Preliminary)	(Feb)	0.40%	0.30%
03/10 Hourly Earnings Y/Y (Preliminary)	(Feb)	4.4%	4.4%
03/10 Nonfarm Payrolls SA	(Feb)	215.0K	517.0K
03/10 Unemployment Rate	(Feb)	3.4%	3.4%
03/10 Treasury Budget NSA	(Feb)	-\$225.8B	-\$38.8B



Russell Style Return

	WTD	Value	Blend	Growth
Large	1.53%	2.00%	2.48%	
Medium	1.68%	2.16%	3.04%	
Small	1.36%	2.05%	2.72%	

	YTD	Value	Blend	Growth
Large	3.34%	6.20%	9.25%	
Medium	6.49%	7.91%	10.55%	
Small	8.30%	9.69%	11.06%	

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