



Weekly Recap

Equities closed the holiday-shortened week lower ending the S&P 500's five-week winning streak. Investors digested comments made by Fed Chair Jerome Powell who testified before Congress on Wednesday and the Senate Banking Committee on Thursday. Fed Chair Powell emphasized that despite seeing progress on inflation the tightening cycle is not over and maintained his hawkish stance. Additional comments from other Fed Presidents echoed this message as well. Fed Funds Futures now indicate a 69.2% chance of a 25-basis point rate hike on July 26th. Rates were mostly higher this week led by the front end and driven by the Fed's hawkish commentary and four central banks announcing key rate increases. Economic data was mixed with the initial jobless claims released on Thursday reaching their highest level since October 2021, adding 264,000 claims for the week of June 17th and reflecting some softness in the labor market. PMI Manufacturing and Services, released on Friday, maintained their year-to-date trend with services expanding and manufacturing contracting. Despite the move higher in rates growth stocks outperformed value returning -1.07% and -2.04%, respectively. Real estate was the worst performing sector down -4.0%. The best performing sector was health care closing the week +0.2%.

Key Thought for The Week

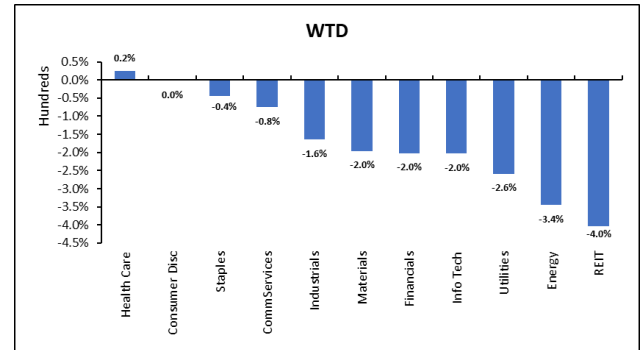
In the wake of last week's U.S. Federal Reserve policy rate "skip", four central banks continued their fight against inflation this week. The Bank of England (BOE), the Swiss National Bank, Norges Bank (Norway's central bank), and the Turkish central all announced key rate increases on Thursday. The most surprising hike was the BOE's decision to increase 50 basis points (bps) as opposed to a more modest 25 bps. The increase brought the BOE's policy rate to 5% and futures markets are now forecasting an additional 125 bps of hikes. The combination of central bank moves on Thursday drove U.S. Treasury yields higher by as much as 8.6 bps. However, on Friday anxiety permeated throughout financial markets as Eurozone data began to suggest potential cracks in the economy as a result of central bank policy. In the U.S., a flight-to-quality trade took hold on Friday and drove Treasury yields lower from 4.7 to 6 bps. Week-over-week, U.S. Treasury yields were mixed any-where from -4.8 bps to +7.7 bps which pushed the spread between the 2-year and 10-year tenors below -100 bps. The Fed has not wavered in its stance that fighting inflation is their priority and that they intend to continue tightening conditions to achieve their 2% inflation target. Volatility will continue as investors try to determine how high the Fed will raise rates and how long they will maintain their restrictive policy.

6/23/2023		Wk	Wk	YTD	12 Mos
	Close	Net Change	% Change	Div Yield %	% Change
STOCKS					
DJIA	33,727.43	-571.69	-1.67	2.11	1.75
S&P 500	4,348.33	-61.26	-1.39	1.59	13.25
NASDAQ	13,492.52	-197.05	-1.44	0.80	28.91
S&P MidCap 400	2,514.94	-65.13	-2.52	1.85	3.48
EAFE	2,127.43	-43.41	-1.99	3.29	9.44
Emerging Market	1,001.14	-28.89	-2.81	3.01	4.68

TREASURIES		Yield	FOREX		Price	Wk % Change
1-Year	5.25		USD/EUR	1.09	-0.39	
2-Year	4.74		JPY/USD	143.70	-1.31	
5-Year	3.99		USD/GBP	1.27	-0.81	
10-Year	3.74		CAD/USD	1.32	0.13	
30-Year	3.81					

Sector - Large Cap		Wk Net Change	WTD	MTD	QTD	YTD
Defensive	Close	Change				
Staples	774.52	-3.47	-0.4	2.3%	(0.8%)	(0.6%)
Health Care	1,539.92	3.67	0.2	3.6%	1.9%	(2.9%)
CommServices	215.28	-1.64	-0.8	2.2%	12.4%	35.1%
Eco Sensitive						
Consumer Disc	1,298.40	-0.25	0.0	9.3%	11.5%	29.1%
Energy	595.17	-21.26	-3.4	1.6%	(6.3%)	(11.5%)
Industrials	874.25	-14.66	-1.6	7.0%	2.1%	5.2%
Info Tech	2,998.10	-62.27	-2.0	3.5%	13.6%	38.0%
Materials	502.04	-10.06	-2.0	6.6%	(1.2%)	2.6%
Interest Rate Sensitive						
Financials	545.15	-11.25	-2.0	3.5%	1.8%	(4.3%)
Utilities	330.51	-8.78	-2.6	0.8%	(3.9%)	(7.8%)
REIT	225.41	-9.47	-4.0	(0.2%)	(4.0%)	(3.0%)

COMING UP NEXT WEEK		Consensus	Prior
06/27 Durable Orders SA M/M (Preliminary)	(May)	-0.90%	1.1%
06/27 Consumer Confidence	(Jun)	103.8	102.3
06/27 New Home Sales SAAR	(May)	660.0K	683.0K
06/29 GDP SAAR Q/Q (Final)	(Q1)	1.3%	1.3%
06/29 Initial Claims SA	(06/24)	270.0K	264.0K
06/29 Pending Home Sales M/M	(May)	-0.30%	0.0%
06/30 Personal Consumption Expenditure SA M/M	(May)	0.30%	0.80%
06/30 Personal Income SA M/M	(May)	0.40%	0.40%
06/30 Chicago PMI SA	(Jun)	44.2	40.4
06/30 Michigan Sentiment NSA (Final)	(Jun)	63.9	63.9



Russell Style Return

	WTD	Value	Blend	Growth	YTD	Value	Blend	Growth
Large	(2.02%)	(1.51%)	(1.06%)	2.16%	13.81%	26.26%		
Medium	(2.57%)	(2.44%)	(2.21%)	1.17%	4.90%	11.82%		
Small	(3.34%)	(2.86%)	(2.44%)	(1.28%)	4.16%	9.49%		

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