

4/28/2023

# The Weekly **Economic & Market Recap**

# April 28, 2023

#### Weekly Recap

Investors turned their attention squarely to first guarter earnings this week with over \$10 trillion in market capitalization reporting, including mega cap tech names such as Alphabet, Microsoft, and Meta. All three companies reported favorable earnings, and so far, 53% of companies in the S&P 500 have reported with 80% of reports topping analyst earnings expectations. Elsewhere, March durable goods orders surged 3.2% month-over-month (m/m), exceeding expectations of 0.7% and reversing the 1.2% decline in February indicating increased strength in the manufacturing sector. New home sales for the month of March came in much higher than expected, with sales increasing 9.6% versus an expectation of falling by 1.6% as demand remains high. The median new house price in March was \$449,800, a 3.2% rise from one year ago. On Thursday, it was reported that real U.S. GDP rose at a 1.1% annualized pace in the first guarter, falling below estimates of 1.9%. However, much of this was due to slumping inventories and a decline in private investment as personal consumption remained strong. General consensus from corporate executives is that cost inflation has peaked, and companies should start to see disinflation in input costs later this year. The core personal consumption expenditures index (PCE) rose 0.3% m/m and matched the consensus expectation. Year-over-year. core PCE measured at 4.6%, which was slightly less than the previous month's figure.

## Key Thought for The Week

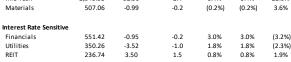
Fed communication has evolved dramatically over the years. During the Alan Greenspan era, Fed communication was largely esoteric and infrequent. That changed when Ben Bernanke became the chair of the Fed back in 2006 as he pushed the Fed to become more transparent. Fed transparency has since expanded under former chair Yellen and current chair Powell. Fed communication, up until recently, has been united and laser focused on fighting inflation that was at the highest rate in roughly four decades due largely to an incredibly tight labor market. Moreover, the Fed has increased the Fed funds rate 4.75% over the past 13 months and the voting has almost consistently been unanimous. But, given the abrupt tightening of monetary policy, cracks are starting to form that are weighing on economic growth and turmoil in the banking sector is expected to make financing more restrictive moving forward. Furthermore, Federal Reserve Bank of Chicago President Goolsbee, a dovish member of the Fed, has stated that recent financial stress should be considered in future monetary policy decisions. Goolsbee's view does not represent the consensus view of the Fed and with the Fed's preferred inflation metric (core PCE price index) still well above the 2 percent target, it is almost certain that the Fed will increase the Fed funds rate an additional 25 basis points when it meets next week. However, future rate hikes beyond next week's meeting will become increasingly more difficult given the economic uncertainties that reside ahead.

		Net	%	Div	%	%
STOCKS	Close	Change	Change	Yield	Change	Change
DJIA	34,098.16	289.20	0.86	2.06	2.87	0.54
S&P 500	4,169.48	35.96	0.87	1.66	8.59	-2.75
NASDAQ	12,226.58	154.13	1.28	0.88	16.82	-5.01
S&P MidCap 400	2,490.40	-8.43	-0.34	1.89	2.47	-3.10
EAFE	2,133.38	-12.89	-0.60	3.28	9.75	6.00
Emerging Market	972.18	-8.56	-0.87	3.28	1.65	-7.75
					Wk	
					%	
TREASURIES	Yield		FOREX	Price	Change	
1-Year	4.76		USD/EUR	1.10	0.30	
2-Year	4.01		JPY/USD	136.30	-1.57	
5-Year	3.48		USD/GBP	1.26	1.09	
10-Year	3.42		CAD/USD	1.36	-0.11	
30-Year	3.68					
Source: FactSet/Bloc	mberg					
Sector - Large Cap		Wk				
		Net				
	Close	Change	WTD	MTD	QTD	YTD
Defensive						
Staples	807.20	8.52	1.1	3.4%	3.4%	3.6%
Health Care	1,555.39	-9.29	-0.6	3.0%	3.0%	(1.9%)
CommServices	198.35	7.19	3.8	3.6%	3.6%	24.5%
Eco Sensitive						
Consumer Disc	1,152.42	1.95	0.2	(1.0%)	(1.0%)	14.6%
Energy	655.20	1.90	0.3	3.2%	3.2%	(2.5%)
Industrials	846.11	-5.33	-0.6	(1.2%)	(1.2%)	1.8%
Info Tech	2,649.95	62.90	2.4	0.4%	0.4%	22.0%

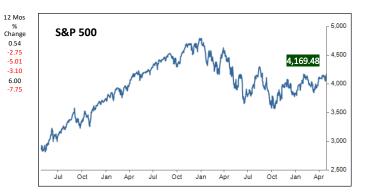
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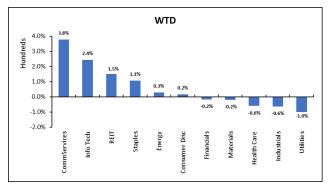
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YTD



COMING UP NEXT WEEK		Consensus	Prior
05/01 ISM Manufacturing SA	(Apr)	46.7	46.3
05/02 Factory Orders SA M/M	(Mar)	0.80%	-0.70%
05/02 JOLTS Job Openings	(Mar)	9,600K	9,931K
05/03 ADP Employment Survey SA	(Apr)	142.5K	145.0K
05/03 ISM Services PMI SA	(Apr)	51.8	51.2
05/04 Productivity SAAR Q/Q (Preliminary)	(Q1)	-0.30%	1.7%
05/05 Hourly Earnings SA M/M (Preliminary)	(Apr)	0.30%	0.30%
05/05 Nonfarm Payrolls SA	(Apr)	185.0K	236.0K





### **Russell Style Return**

WTD	Value	Blend	Growth	<u>YTD</u>	Value	Blend	Growth
Large	0.32%	0.74%	1.14%	Large	2.51%	8.87%	15.49%
Medium	0.04%	(0.32%)	(0.93%)	Medium	1.31%	3.49%	7.55%
Small	(0.99%)	(1.24%)	(1.47%)	Small	(3.15%)	0.88%	4.84%

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