



Weekly Recap

U.S. GDP increased by 2.9% last quarter, ahead of economists' estimates for 2.6% growth. Growth was from consumption, +1.42%; government, +0.64%; foreign trade, +0.56%; and inventories, +1.46%. The Federal Reserve's preferred measure of inflation, Personal Consumption Expenditures deflator (PCE), cooled again for the third consecutive month. Both headline and core figures were softer than the median FOMC participant projections in December, giving the Fed room to downshift the pace of rate hikes to 25 basis points (bps) at the January 31st – February 1st meeting. Treasury rates were flat to up 8 bps throughout the belly of the curve this week and the 2-year vs. 10-year curve remains inverted by approximately 70 bps. The 10-year Municipal debt relative to Treasury ratio is 63.83% well below its 10-year average of 81.94%. Equities rallied this week with large cap growth outperforming value gaining 3.40% vs. 1.78%, respectively. The Nasdaq 100 posted its best week since November driven by consumer discretionary and technology names, despite a bleak forecast from Intel Corp and weakness in Microsoft following their earnings reports. 143 out of 500 S&P 500 constituents have released 4Q 2022 earnings reporting 5.87% revenue growth and earnings decline of 1.12%. Currently, both revenue and earnings are better than analyst estimates. The consumer discretionary sector had the strongest gain this week up 6.38%. Utilities and healthcare were the only sectors with negative returns declining 0.50% and 0.89%, respectively.

Key Thought for The Week

The Federal Reserve's 425 basis point (bps) hiking campaign in 2022 had a huge impact on the U.S. dollar. According to Bloomberg's Dollar Spot Index (DXY), the dollar strengthened 8.2% during the year, peaking at \$114.106 on September 27th which was up from a low of \$94.79 on January 13th – a 20.4% change. The lion's share of the dollar's move higher occurred between June and November when the FOMC increased rates 75 bps at four consecutive meetings. With the dollar's rise came gold's fall, and although the metal ended 2022 lower by roughly 0.25%, its path during the year was extremely volatile. Peak to trough, gold traded between \$2,050.76 (3/8/22) and \$1,622.36 (9/26/22), almost perfectly negatively correlated with the move in the DXY at -20.9%. But as the Fed's pace of interest rate hikes started to slow and is forecasted to end perhaps in the second quarter of 2023, the dollar has dropped precipitously while gold has rebounded. Currently, the greenback and gold are at approximately \$101.94 and \$1,928.04, respectively.

1/27/2023		Wk	Wk		YTD	12 Mos
	Close	Net	%	Div	%	%
STOCKS		Change	Change	Yield	Change	Change
DJIA	33,978.08	602.59	1.81	2.03	2.51	-0.53
S&P 500	4,070.56	97.95	2.47	1.66	6.02	-5.92
NASDAQ	11,621.71	481.28	4.32	0.91	11.04	-12.96
S&P MidCap 400	2,619.47	61.01	2.38	1.73	7.78	3.54
EAFE	2,104.05	23.64	1.14	3.23	8.24	-4.51
Emerging Market	1,052.46	16.22	1.57	2.97	10.05	-11.71

TREASURIES	Yield		FOREX	Price	Wk
					%
2-Year	4.20		USD/EUR	1.09	0.11
5-Year	3.61		JPY/USD	129.88	-0.22
10-Year	3.51		USD/GBP	1.24	-0.12
30-Year	3.62		CAD/USD	1.33	0.53

Sector - Large Cap

	Close	Wk	WTD	MTD	QTD	YTD
		Net				
		Change				
Defensive						
Staples	762.14	3.29	0.4%	(2.2%)	(2.2%)	(2.2%)
Health Care	1,547.92	-13.87	(0.9%)	(2.4%)	(2.4%)	(2.4%)
CommServices	182.90	5.81	3.3%	14.8%	14.8%	14.8%

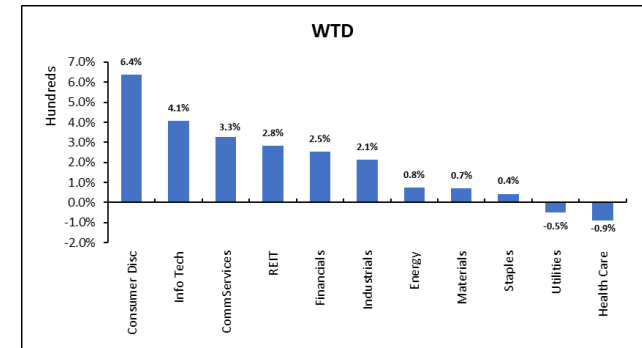
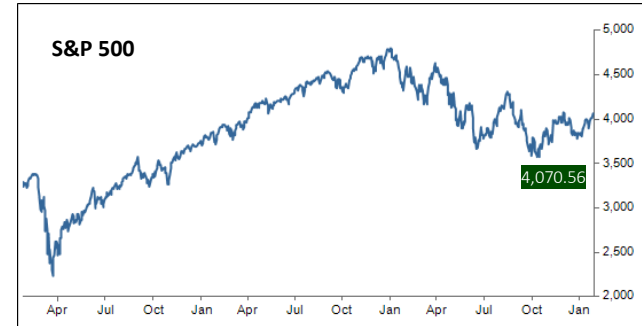
Eco Sensitive

Consumer Disc	1,150.81	69.00	6.4%	14.5%	14.5%	14.5%
Energy	700.58	5.26	0.8%	4.2%	4.2%	4.2%
Industrials	855.73	17.84	2.1%	2.9%	2.9%	2.9%
Info Tech	2,385.90	93.36	4.1%	9.8%	9.8%	9.8%
Materials	525.46	3.69	0.7%	7.3%	7.3%	7.3%

Interest Rate Sensitive

Financials	603.02	14.86	2.5%	5.8%	5.8%	5.8%
Utilities	350.27	-1.72	(0.5%)	(2.3%)	(2.3%)	(2.3%)
REIT	253.70	6.96	2.8%	9.2%	9.2%	9.2%

COMING UP NEXT WEEK		Consensus	Prior
01/31 Consumer Confidence	(Jan)	109.5	108.3
02/01 ISM Manufacturing SA	(Jan)	48.2	48.4
02/01 JOLTS Job Openings	(Dec)	10,300K	10,458K
02/02 Productivity SAAR Q/Q (Preliminary)	(Q4)	2.2%	0.8%
02/02 Durable Orders SA M/M (Final)	(Dec)	5.6%	5.6%
02/02 Factory Orders SA M/M (Final)	(Dec)	1.3%	-1.8%
02/03 Manufacturing Payrolls SA	(Jan)	15.0K	8.0K
02/03 Nonfarm Payrolls SA	(Jan)	190.0K	223.0K
02/03 Unemployment Rate	(Jan)	3.6%	3.5%
02/03 ISM Services PMI SA	(Jan)	49.9	49.5



Russell Style Return

WTD	Value	Blend	Growth
Large	1.78%	2.57%	3.40%
Medium	2.52%	2.62%	2.79%
Small	2.22%	2.37%	2.52%

YTD	Value	Blend	Growth
Large	4.77%	6.49%	8.33%
Medium	7.25%	7.57%	8.18%
Small	8.04%	8.58%	9.10%