

# Capital Markets Snapshot

Prepared by Stalt Financial

Week ending May 5, 2023

May kicked off with a large slate of economic news most notably a widely expected move by the Federal Reserve raising the federal funds rate by another 25 basis points. Other key reports during the week included several corporate earnings results and the April Non-Farm Payroll (NFP) number, which came in above consensus with a gain of 253,000 jobs. Two notable data points in the NFP report included a record low unemployment rate of 3.4% and year over year wage growth reported at 4.4%. This strong picture of the labor market led to a stock market rally on Friday, but the equity markets remained mixed for the week.

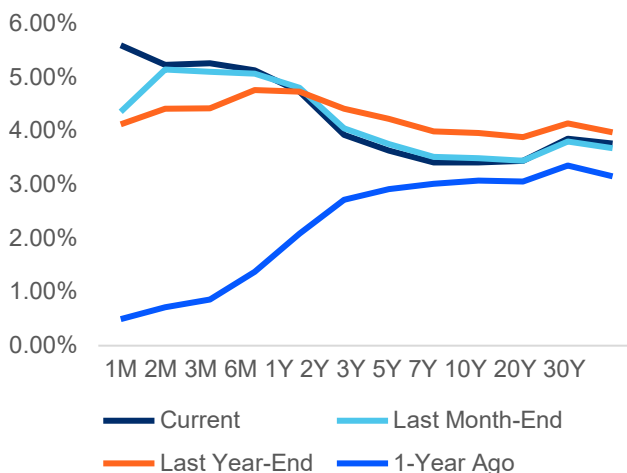
## Fixed Income Markets Overview

- Following the FOMC's expected move on Wednesday, the markets focused on the accompanying statement where the Committee stated that they would monitor data to determine whether additional hikes were needed. However, at his press conference, Fed Chairman Powell stated that rate cuts would not be appropriate until inflation moves back towards 2.0%.
- The European Central Bank also raised rates by 25 basis points this week citing continued strong pricing pressures.
- The U.S. debt ceiling remains a key economic issue as the June 1st deadline approaches. Congressional leaders are scheduled to meet with President Biden on May 9th to discuss a potential agreement.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>Short</b>	1-3 Year Govt/Credit	0.22%	2.09%	-0.51%	1.34%
	<b>Core Plus</b>				
	Intermediate Govt/Credit	0.18%	3.14%	-1.44%	1.67%
	International Aggregate	0.15%	3.62%	-3.59%	-0.81%
	US Aggregate	-0.05%	3.53%	-2.99%	1.18%
	US Treasury	0.06%	3.62%	-4.02%	1.02%
	US TIPS	0.16%	3.62%	1.08%	3.04%
	US Corporate	-0.59%	3.68%	-1.77%	1.91%
	US Corporate High Yield	-0.38%	4.21%	4.49%	3.22%
<b>Other</b>	Emerging Markets Aggregate	-0.02%	2.53%	-0.79%	0.77%
<b>Muni</b>	US Municipals	0.35%	2.90%	0.56%	2.03%
	US Municipals High Yield	0.16%	3.49%	3.79%	2.96%

Source: Bloomberg as of May 5, 2023

## U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of May 5, 2023

## Interest Rates (%)

Date	5/5/2023	4/28/2023	12/30/2022	5/5/2022
Federal Funds Rate	5.59%	4.35%	4.12%	0.49%
3 Month Treasury	5.26%	5.10%	4.42%	0.85%
6 Month Treasury	5.13%	5.06%	4.76%	1.37%
2 Year Treasury	3.92%	4.04%	4.41%	2.71%
5 Year Treasury	3.41%	3.51%	3.99%	3.01%
10 Year Treasury	3.44%	3.44%	3.88%	3.05%
30 Year Treasury	3.76%	3.67%	3.97%	3.15%
US Aggregate	4.31%	4.35%	4.68%	3.57%
US Corporate	5.15%	5.10%	5.42%	4.40%
US Corporate High Yield	8.57%	8.48%	8.96%	7.14%
US Municipal	3.34%	3.39%	3.55%	3.28%
US Municipal High Yield	5.69%	5.69%	5.83%	4.98%

## Spreads Over 10-Year US Treasuries

Date	5/5/2023	4/28/2023	12/30/2022	5/5/2022
30 Year Treasury	0.32%	0.23%	0.09%	0.10%
US Aggregate	0.87%	0.91%	0.80%	0.52%
US Corporate	1.71%	1.66%	1.54%	1.35%
US Corporate High Yield	5.13%	5.04%	5.08%	4.09%
US Municipal	-0.10%	-0.05%	-0.33%	0.23%
US Municipal High Yield	2.25%	2.25%	1.95%	1.93%

Source: Bloomberg and U.S. Treasury as of May 5, 2023

## Equity Markets Overview

- Despite the strong stock market rally on Friday, only the Nasdaq was able to see a slight gain for the week of 0.1%. The DJIA fell by over 1% while the S&P did slightly better, falling by only 0.8%
- Regional bank stocks saw large price declines early in the week on fears of continued industry problems. However, Fed Chairman Jay Powell stated at his press conference on Wednesday that the U.S. Banking system "is sound and resilient". Bank stocks rebounded on Friday due to a positive analyst report from J.P. Morgan.
- The Energy sector was the worst performer for the week (-5.6%) followed by Financials (-2.6%) and Communication Services (-2.3%).
- Earnings reports this week included better than expected figures from Moderna, Shell Oil, and CVS Corp, while Lyft and Yum Brands missed estimates. Tech giant Apple reported 2% year-over-year revenue growth, well exceeding analysts' estimates of a 4% decline.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	-0.80%	7.71%	15.26%	10.71%
Large-Cap	S&P 500	-0.78%	8.33%	15.06%	11.14%
	S&P 500 Growth	-0.20%	10.98%	12.47%	11.74%
	S&P 500 Value	-1.44%	5.44%	16.80%	9.54%
Mid-Cap	S&P Midcap 400	-1.16%	1.80%	17.32%	7.02%
	S&P Midcap 400 Growth	-0.79%	3.67%	13.12%	6.39%
	S&P Midcap 400 Value	-1.54%	-0.15%	21.56%	7.25%
Small-Cap	S&P Smallcap 600	-0.77%	-1.05%	17.72%	5.06%
	S&P Smallcap 600 Growth	0.09%	-0.98%	13.89%	5.00%
	S&P Smallcap 600 Value	-1.64%	-1.09%	21.54%	4.89%
Int'l.	MSCI ACWI ex-USA	0.28%	9.02%	10.81%	2.75%
	MSCI EM	0.51%	3.30%	5.51%	-0.46%

Source: Bloomberg as of May 5, 2023

## Alternative Markets Overview

- Despite a positive move on Friday, the price of oil fell again this week on concerns over slowing economic growth.
- The price of gold came close to an all-time high on Thursday on speculation that the FOMC may be ending their rate hike campaign. However, the price pulled back on Friday following the strong jobs report.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-3.35%	-8.82%	31.20%	2.88%
Gold	0.93%	10.32%	5.76%	8.85%
FTSE All Equity NAREIT	-0.41%	1.63%	8.93%	5.80%
Bitcoin	0.55%	77.89%	47.26%	25.10%
Ethereum	5.00%	65.84%	113.57%	20.57%

Source: Bloomberg as of May 5, 2023



### Upcoming Week

- The key economic release of this week will be the Consumer Price Index (CPI) report on Wednesday. Current expectations are looking for a year-over-year figure of 5.0%, unchanged from last month.
- Other economic data this week includes the Producer Price Index and the University of Michigan Consumer Sentiment Index.
- Earnings season continues with reports scheduled from Airbnb, Duke Energy, Walt Disney, and UnderArmour among others.

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## Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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