

# Capital Markets Snapshot

Week ending March 31, 2023

prepared by Stalt Financial

The first quarter of 2023 closed on a positive note with all three major equity indices up for the week. The markets rallied on Friday following the release of the core Personal Consumption Expenditures (PCE) index for February. This preferred inflation metric of the Federal Reserve came in slightly below expectations with a year over year gain of 4.6%, below last month's reading of 5.4%. The markets were also helped by reports of an increase in U.S. Consumer Spending in February. However, the consumer may weigh on future economic outlook as the University of Michigan Consumer Sentiment Index fell to 62.0, which was below economists' expectations. This marked the survey's first decline in four months.

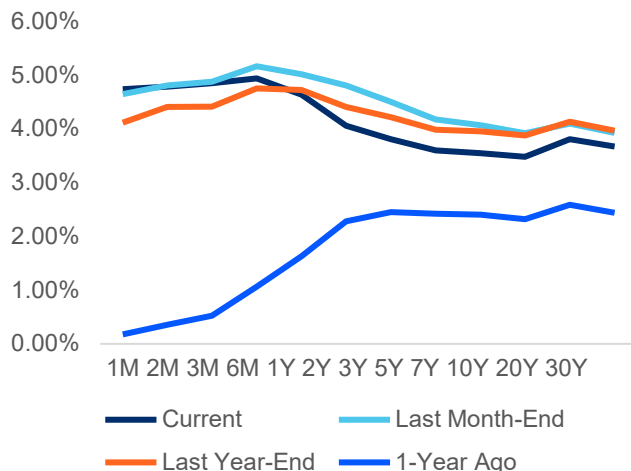
## Fixed Income Markets Overview

- Yields rebounded this week from their recent decline but remain below the highs of early March.
- Investors flight to U.S. Treasuries in recent weeks helped the Bloomberg U.S. Aggregate Bond Index return 2.96% for the quarter.
- Despite the rebound in yields, mortgage rates fell again last week to 6.32% from the previous weeks level of 6.42% according to Freddie Mac.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>Short</b>	1-3 Year Govt/Credit	-0.35%	1.51%	-0.51%	1.21%
	<b>Core Plus</b>	Intermediate Govt/Credit	-0.41%	2.33%	-1.29%
	International Aggregate	-0.37%	3.01%	-3.46%	-1.34%
	US Aggregate	-0.46%	2.96%	-2.81%	0.91%
	US Treasury	-0.55%	3.00%	-4.33%	0.74%
	US TIPS	0.23%	3.34%	1.53%	2.94%
	US Corporate	0.15%	3.50%	-0.48%	1.62%
	US Corporate High Yield	1.74%	3.57%	6.28%	3.21%
<b>Other</b>	Emerging Markets Aggregate	0.48%	2.15%	0.25%	0.31%
<b>Muni</b>	US Municipals	0.25%	2.78%	0.99%	2.03%
	US Municipals High Yield	0.00%	2.73%	4.18%	3.07%

Source: Bloomberg as of March 31, 2023

## U.S. Treasury Yield Curve



Source: Bloomberg and U.S Treasury as of March 31, 2023

## Interest Rates (%)

Date	3/31/2023	2/28/2023	12/30/2022	3/31/2022
Federal Funds Rate	4.74%	4.65%	4.12%	0.17%
3 Month Treasury	4.85%	4.88%	4.42%	0.52%
6 Month Treasury	4.94%	5.17%	4.76%	1.06%
2 Year Treasury	4.06%	4.81%	4.41%	2.28%
5 Year Treasury	3.60%	4.18%	3.99%	2.42%
10 Year Treasury	3.48%	3.92%	3.88%	2.32%
30 Year Treasury	3.67%	3.93%	3.97%	2.44%
US Aggregate	4.40%	4.81%	4.68%	2.92%
US Corporate	5.17%	5.51%	5.42%	3.60%
US Corporate High Yield	8.52%	8.63%	8.96%	6.01%
US Municipal	3.25%	3.62%	3.55%	2.60%
US Municipal High Yield	5.68%	5.79%	5.83%	4.30%

## Spreads Over 10-Year US Treasuries

Date	3/31/2023	2/28/2023	12/30/2022	3/31/2022
30 Year Treasury	0.19%	0.01%	0.09%	0.12%
US Aggregate	0.92%	0.89%	0.80%	0.60%
US Corporate	1.69%	1.59%	1.54%	1.28%
US Corporate High Yield	5.04%	4.71%	5.08%	3.69%
US Municipal	-0.23%	-0.30%	-0.33%	0.28%
US Municipal High Yield	2.20%	1.87%	1.95%	1.98%

Source: Bloomberg and U.S. Treasury as of March 31, 2023

## Equity Markets Overview

- All three equity indices were up by more than 3% for the week. For the quarter, the three indices were also positive, but the results varied widely. The winner for the quarter was the NASDAQ with a gain of nearly 17%, while the S&P showed a more than 7% gain and the DJIA was just slightly positive at 0.4%
- All eleven of the S&P sectors were positive for the week, led by Energy which was up over 6%. For the quarter, Information Technology was the clear winner with a gain of more than 20%, while the Financials sector was the worst performer, down by 3.5%.
- Auto maker Tesla had a strong week, up by over 6% on Friday as investors wait to see the company's latest figures on auto deliveries.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	3.57%	7.16%	20.74%	10.83%
Large-Cap	S&P 500	3.50%	7.50%	20.40%	11.19%
	S&P 500 Growth	2.99%	9.63%	18.57%	11.90%
	S&P 500 Value	4.09%	5.17%	20.98%	9.47%
Mid-Cap	S&P Midcap 400	4.56%	3.81%	24.51%	7.67%
	S&P Midcap 400 Growth	4.40%	5.04%	20.41%	6.78%
	S&P Midcap 400 Value	4.73%	2.51%	28.45%	8.17%
Small-Cap	S&P Smallcap 600	3.75%	2.57%	24.77%	6.30%
	S&P Smallcap 600 Growth	3.27%	2.14%	21.04%	6.05%
	S&P Smallcap 600 Value	4.24%	3.05%	28.36%	6.30%
Int'l.	MSCI ACWI ex-USA	3.51%	6.87%	12.81%	2.47%
	MSCI EM	1.94%	3.95%	8.73%	-0.91%

Source: Bloomberg as of March 31, 2023

## Alternative Markets Overview

- Oil (WTI) had a strong week up almost 10% but remained down for the quarter by over 5%.
- Gold fell slightly for the week but posted a more than 8% gain for the quarter.
- Several cryptocurrencies had a strong first quarter with Bitcoin up 71%, while Ethereum was up 52%.
- Cryptocurrency exchange Bittrex announced they would close their U.S. operations, but stated that operations would continue outside of the U.S. The company cited "continued regulatory uncertainty" as the reason for closure.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	4.58%	-4.94%	31.99%	4.93%
Gold	-0.71%	9.15%	7.89%	8.38%
FTSE All Equity NAREIT	5.49%	1.74%	12.74%	6.25%
Bitcoin	2.10%	71.15%	65.86%	31.97%
Ethereum	3.63%	52.18%	141.08%	36.47%

Source: Bloomberg as of March 31, 2023



### Upcoming Week

- The key report this week will be the March Non-Farm Payroll numbers on Friday. Current expectations are looking for a gain of 238,000 jobs.
- Other economic releases this week include U.S. Construction Spending, Factory Orders and both the ISM manufacturing and non-manufacturing indices.
- The financial markets will be closed on Friday for the Good Friday holiday.

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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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**MM202604-304970**