

# Capital Markets Snapshot

Week ending April 7, 2023

Prepared by Stalt Financial

The job market was the focus of the past week due to several reports which reflected some easing of pressure in the employment picture. The JOLTS report (Job Opening and Labor Turnover Survey) from the U.S. Bureau of Labor Statistics gained attention on Wednesday when it announced that current U.S. job openings fell below 10 million, a figure not seen since 2021. Friday's release of the non-farm payroll report was in line with expectations with a gain of 236,000, but it was well below the increase of 326,000 jobs in February. The report also noted that wage pressure appears to be lightening with the lowest month over month increase in 2 years.

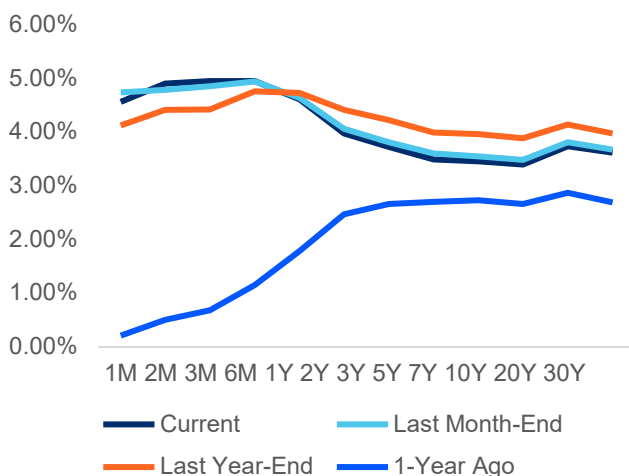
## Fixed Income Markets Overview

- Bond yields fell again this week, but following Friday's non-farm payroll report, the futures market is now pricing in a 67% chance of the Fed raising interest rates by 25 basis points in May.
- Other economic reports this week surprised to the downside with both the ISM Manufacturing and Services Index coming in below expectations. The Manufacturing Index came close to a 3-year low and remains in contractionary territory (below 50), while the Services Index was reported at 51.2 versus expectations of 54.4.
- Mortgage rates declined for the fourth straight week, but the housing market data remains mixed. The National Association of Home Builders has reported increased sentiment for the past three months due to pent up demand, but home prices continue to fall according to the latest Case Shiller National Home Price Index.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>Short</b>	1-3 Year Govt/Credit	0.18%	1.69%	-0.45%	1.24%
	<b>Core Plus</b>				
	Intermediate Govt/Credit	0.39%	2.73%	-1.16%	1.48%
	International Aggregate	0.69%	3.72%	-3.24%	-1.20%
	US Aggregate	0.49%	3.47%	-2.65%	1.00%
	US Treasury	0.56%	3.58%	-4.15%	0.85%
	US TIPS	0.36%	3.72%	1.65%	3.02%
	US Corporate	0.45%	3.97%	-0.33%	1.71%
	US Corporate High Yield	0.09%	3.66%	6.32%	3.23%
<b>Other</b>	Emerging Markets Aggregate	0.27%	2.43%	0.34%	0.36%
<b>Muni</b>	US Municipals	0.91%	3.72%	1.30%	2.22%
	US Municipals High Yield	1.61%	4.39%	4.74%	3.40%

Source: Bloomberg as of April 7, 2023

## U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of April 7, 2023

## Interest Rates (%)

Date	4/7/2023	3/31/2023	12/30/2022	4/7/2022
Federal Funds Rate	4.56%	4.74%	4.12%	0.21%
3 Month Treasury	4.95%	4.85%	4.42%	0.68%
6 Month Treasury	4.95%	4.94%	4.76%	1.15%
2 Year Treasury	3.97%	4.06%	4.41%	2.47%
5 Year Treasury	3.49%	3.60%	3.99%	2.70%
10 Year Treasury	3.39%	3.48%	3.88%	2.66%
30 Year Treasury	3.61%	3.67%	3.97%	2.69%
US Aggregate	4.33%	4.40%	4.68%	3.15%
US Corporate	5.11%	5.17%	5.42%	3.82%
US Corporate High Yield	8.55%	8.52%	8.96%	6.32%
US Municipal	3.11%	3.25%	3.55%	2.75%
US Municipal High Yield	5.55%	5.68%	5.83%	4.45%

## Spreads Over 10-Year US Treasuries

Date	4/7/2023	3/31/2023	12/30/2022	4/7/2022
30 Year Treasury	0.22%	0.19%	0.09%	0.03%
US Aggregate	0.94%	0.92%	0.80%	0.49%
US Corporate	1.72%	1.69%	1.54%	1.16%
US Corporate High Yield	5.16%	5.04%	5.08%	3.66%
US Municipal	-0.28%	-0.23%	-0.33%	0.09%
US Municipal High Yield	2.16%	2.20%	1.95%	1.79%

Source: Bloomberg and U.S. Treasury as of April 7, 2023

## Equity Markets Overview

- The three major equity indices were mixed with only the DJIA showing a gain for the week.
- The S&P sectors were mixed again this week, with the largest gains seen in the Utilities and Healthcare sectors (both +3.1%) while the largest losses were seen in the Industrials (-3.4%) and Consumer Discretionary (-3.0%) sector.
- Companies in the news this week included Tesla who announced a year over year increase in auto deliveries in the first quarter and McDonalds Corp which notified employees of layoffs.
- Look for the first round of Q1 earnings reports this week including Delta Airlines on Thursday and JPMorgan, Citigroup, and Wells Fargo on Friday.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>All-Cap</b>	S&P 1500	-0.27%	6.87%	20.63%	10.77%
<b>Large-Cap</b>	S&P 500	-0.06%	7.43%	20.38%	11.17%
	S&P 500 Growth	0.31%	9.98%	18.69%	11.97%
	S&P 500 Value	-0.49%	4.66%	20.78%	9.36%
<b>Mid-Cap</b>	S&P Midcap 400	-2.57%	1.14%	23.44%	7.11%
	S&P Midcap 400 Growth	-2.18%	2.75%	19.53%	6.31%
	S&P Midcap 400 Value	-2.97%	-0.53%	27.16%	7.52%
<b>Small-Cap</b>	S&P Smallcap 600	-2.68%	-0.18%	23.64%	5.72%
	S&P Smallcap 600 Growth	-2.77%	-0.69%	19.91%	5.46%
	S&P Smallcap 600 Value	-2.59%	0.38%	27.24%	5.74%
<b>Int'l.</b>	MSCI ACWI ex-USA	0.31%	7.20%	12.93%	2.54%
	MSCI EM	-0.27%	3.67%	8.64%	-0.96%

Source: Bloomberg as of April 7, 2023

## Alternative Markets Overview

- Oil prices rose earlier in the week following reports that Saudi Arabia and other OPEC nations would cut oil production.
- Gold continued to rise with its price climbing above \$2,000 per ounce earlier in the week.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	2.64%	-2.44%	33.14%	5.48%
Gold	1.12%	10.37%	8.29%	8.62%
FTSE All Equity NAREIT	-0.71%	1.02%	12.47%	6.10%
Bitcoin	-1.29%	68.95%	65.15%	31.63%
Ethereum	2.56%	56.08%	143.12%	37.16%

Source: Bloomberg as of April 7, 2023



### Upcoming Week

- There is a full slate of economic data this week including U.S. Retail Sales, Industrial Production, the Producer Price Index (PPI), and the University of Michigan Consumer Sentiment Index.
- The key economic release of the week will be the Consumer Price Index (CPI) on Wednesday. Early estimates are looking for a year over year increase of 5.0%, which would be down from last month's reading of 6.0%.

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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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