



### Weekly Recap

U.S. equity markets were relatively muted as investors await key CPI data and the Federal Reserve meeting coming next week. As of 6/9 markets are pricing in a 72% chance of no interest rate hike in June, with a 52% chance of a 25-basis point rate hike in July. The Federal Reserve has elected to raise interest rates in its last 10 meetings – the fastest pace of increases in 40 years. On Monday, the Institute for Supply Management (ISM) reported that its services index fell to 50.3 in May from 51.9 in April as new orders slowed, which could aid the Federal Reserve’s fight against inflation. The index’s gauge of prices paid by service businesses for inputs dropped to 56.2 in May from 59.6 in April, the lowest level since May 2020. On Thursday, the Department of Labor reported 261,000 jobless claims were filed in the week ending June 3, the highest level since October 2021. This exceeded expectations of 235,000 claims and marks an increase from the prior week’s 233,000 claims. Interest rates at the front end of the U.S. Treasury yield curve continued to fall this week now that debt-ceiling issues have subsided. One month Treasury bill interest rates peaked at 6.02% on Friday 5/26 and have since fallen to 5.12% as of 6/9. The yield curve remains inverted with two-year Treasury bonds yielding 4.59% versus 3.76% for ten-year bonds. On Friday, the S&P 500 crossed the 4,300 level for the first time since August 2022 and is now up 20% from its October lows.

### Key Thought for The Week

Earlier this week, the Wall Street Journal published an article commenting on the prospect for U.S. regulators heightening capital requirements on large banks. The report cited that the amendments could raise capital requirements by roughly 20% on average, and the proposal could come as early as this month. Although there is no formal plan yet, the specific banks that are expected to be affected the most are firms with large trading businesses. Part of the movement is a result of the March failures of several U.S. banks; however, regulators were already in talks to ratchet up rules prior to the turmoil. Analysts are also anticipating that the changes would adhere to a wider range of financial institutions, potentially reversing laws that were made in 2019 by applying stricter regulations for banks with assets between \$100 billion and \$250 billion. Critics in the industry say these changes would result in increased costs for consumers and further tightening in lending standards adversely affecting the economy. Aside from the broader macro concerns, the impacted banks will need to deal with adjusting to the new rules in an already difficult operating environment. Thankfully, if enacted, firms are expected to be given a fair amount of time to get into compliance. Some near-term developments, as a result of the increased expenses, could be less return of capital to shareholders via reduced share repurchases and limited dividend growth.

6/9/2023	Wk	Wk	YTD	12 Mos
	Net	%	%	%
	Change	Change	Change	Change
<b>STOCKS</b>	Close	Div	Yield	Change
DJIA	33,876.78	114.02	0.34	2.20
S&P 500	4,298.86	16.49	0.39	1.61
NASDAQ	13,259.14	18.38	0.14	0.82
S&P MidCap 400	2,542.37	36.82	1.47	1.86
EAFE	2,106.93	9.24	0.44	3.31
Emerging Market	994.08	9.72	0.99	3.05
				3.94
				-6.85
				Wk
				%
<b>TREASURIES</b>	Yield	<b>FOREX</b>	Price	Change
1-Year	5.20	USD/EUR	1.07	0.38
2-Year	4.60	JPY/USD	139.40	0.37
5-Year	3.91	USD/GBP	1.26	0.96
10-Year	3.74	CAD/USD	1.33	0.64
30-Year	3.88			

Source: FactSet/Bloomberg

### Sector - Large Cap

	Close	Wk	WTD	MTD	QTD	YTD
		Net				
		Change				
<b>Defensive</b>						
Staples	762.95	-4.04	(0.5%)	0.8%	(2.2%)	(2.1%)
Health Care	1,515.05	-1.17	(0.1%)	1.9%	0.3%	(4.4%)
CommServices	212.39	-0.90	(0.4%)	0.8%	10.9%	33.3%

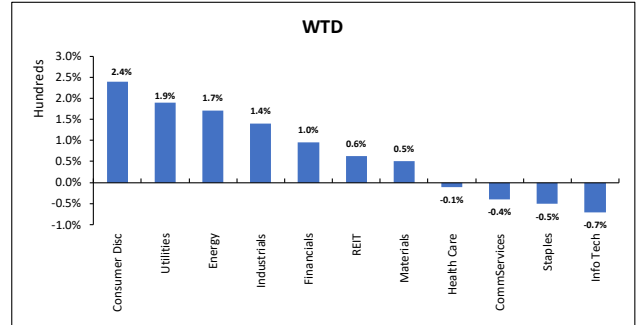
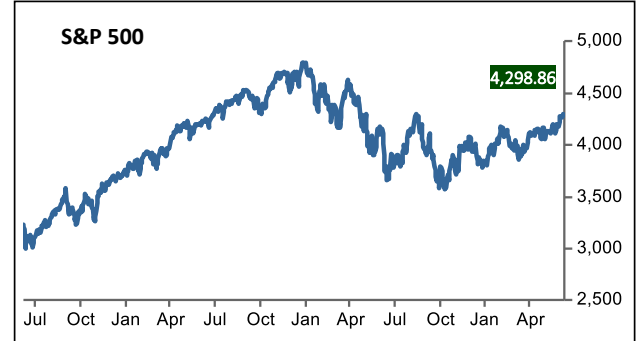
### Eco Sensitive

	Close	Wk	WTD	MTD	QTD	YTD
		Net				
		Change				
<b>Consumer Disc</b>	1,258.94	30.02	2.4%	6.0%	8.2%	25.2%
Energy	620.82	10.41	1.7%	6.0%	(2.2%)	(7.7%)
Industrials	863.48	11.79	1.4%	5.7%	0.8%	3.9%
Info Tech	2,930.38	-19.44	(0.7%)	1.2%	11.0%	34.9%
Materials	495.64	2.69	0.5%	5.2%	(2.4%)	1.2%

### Interest Rate Sensitive

	Close	Wk	WTD	MTD	QTD	YTD
		Net				
		Change				
<b>Financials</b>	549.34	5.23	1.0%	4.3%	2.6%	(3.6%)
Utilities	334.98	6.28	1.9%	2.1%	(2.6%)	(6.6%)
REIT	229.33	1.42	0.6%	2.7%	(1.4%)	0.2%

COMING UP NEXT WEEK	Consensus	Prior
06/13 CPI ex-Food & Energy SA M/M	(May) 0.40%	0.40%
06/13 CPI NSA Y/Y	(May) 4.2%	4.9%
06/14 PPI ex-Food & Energy SA M/M	(May) 0.20%	0.20%
06/14 PPI SA M/M	(May) -0.10%	0.20%
06/15 Empire State Index SA	(Jun) -10.4	-31.8
06/15 Philadelphia Fed Index SA	(Jun) -14.0	-10.4
06/15 Retail Sales ex-Auto SA M/M	(May) 0.20%	0.40%
06/15 Retail Sales SA M/M	(May) 0.0%	0.40%
06/15 Capacity Utilization NSA	(May) 79.7%	79.7%
06/15 Industrial Production SA M/M	(May) 0.10%	0.50%
06/16 Michigan Sentiment NSA (Preliminary)	(Jun) 60.3	59.2



### Russell Style Return

	WTD			YTD		
	Value	Blend	Growth	Value	Blend	Growth
Large	1.03%	0.41%	(0.12%)	2.24%	12.58%	23.63%
Medium	1.53%	1.03%	0.20%	1.65%	4.94%	11.03%
Small	2.05%	1.92%	1.81%	1.83%	6.61%	11.30%

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