



### Weekly Recap

It was a reasonably quiet start to the holiday-shortened week as investors balanced bullish and bearish narratives in anticipation of a busier week ahead of fourth-quarter earnings. A Bloomberg report noted that the European Central Bank (ECB) is considering a slowdown in rate hikes as soon as March, which added to the momentum for a potential slowdown in tightening by the Fed. Wednesday trading posted the worst day for the S&P 500 since December 15 as U.S. equities closed near the lows. A bright spot for Wednesday trading was headline PPI dropping faster than expected, down 0.5% month-over-month for December versus the consensus of a 0.1% decline which marked the biggest drop since April 2020. Core PPI, which excludes food and energy, was largely in line rising 0.1% month-over-month. The U.S. labor market continues to underpin the consumer resilience theme as initial jobless claims dropped 15,000 to an adjusted 190,000 for the week ended January 14. FANMAGs were largely lower as Microsoft announced layoffs, adding to the list of tech companies cutting their workforce, which include Amazon, Alphabet, and Meta. Major U.S. indexes closed Friday's trading session higher as the Nasdaq posted a third straight week of gains. The bounce on Friday was not enough for the S&P 500 to offset earlier losses as it closed the week down (0.66%), the Dow also closed the week down (2.70%), but the Nasdaq closed the week up 0.55%. Communication services was the best performing sector this week, while industrials was the worst. Growth outperformed value.

### Key Thought for The Week

Higher rates after the Quantitative Easing (Q.E.) era have meant competitive alternatives for stock investors and correspondingly lower price-earnings multiples for stocks in general. Over the past year, investors have benefited from holding shorter-duration equities or those that return capital to shareholders more quickly. Looking back to 1999, dividends paid reached, in absolute terms, a new high in 2022 and current expectations are for dividends to grow further in 2023. Dividends have historically accounted for nearly 60 percent of the S&P 500 index's total return for each decade since 1930. The Q.E. era of the 2010s was a significant departure – dividends accounted for only 26.1 percent of the S&P 500's total return for the last decade, an all-time low. Dividends have occasionally represented the S&P 500's only return in certain periods, such as in the 1930s and 2000s (i.e., price returns were flat or negative for 10 years). The stock market's current dividend payout ratio of 33.4 percent is on the low side based on data going back 90 plus years. With a long-term average of 48.1 percent, companies have plenty of room to expand their dividend payouts.

1/20/2023		Wk	Wk	Div	YTD	12 Mos
	Close	Net	%	Yield	Change	%
STOCKS		Change	Change			Change
DJIA	33,375.49	-927.12	-2.70	2.06	0.69	-3.86
S&P 500	3,972.61	-26.48	-0.66	1.70	3.47	-11.38
NASDAQ	11,140.44	61.28	0.55	0.95	6.44	-21.29
S&P MidCap 400	2,558.46	-22.45	-0.87	1.77	5.27	-3.06
EAFE	2,070.00	-10.35	-0.50	3.29	6.49	-10.73
Emerging Market	1,027.94	-1.93	-0.19	3.01	7.48	-18.14

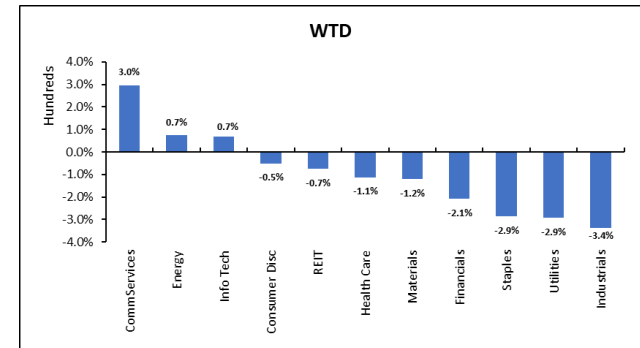
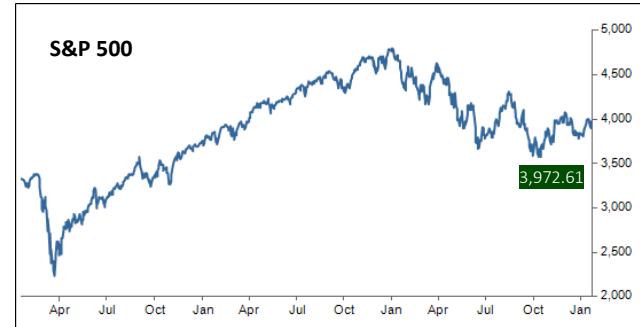
TREASURIES	Yield	FOREX	Price	Wk
				%
2-Year	4.17	USD/EUR	1.09	0.24
5-Year	3.56	JPY/USD	129.60	-1.33
10-Year	3.48	USD/GBP	1.24	1.39
30-Year	3.66	CAD/USD	1.34	0.11

Source: FactSet/Bloomberg

### Sector - Large Cap

	Close	Wk	WTD	MTD	QTD	YTD
		Net				
		Change				
<b>Defensive</b>						
Staples	758.85	-22.35	(2.9%)	(2.6%)	(2.6%)	(2.6%)
Health Care	1,561.79	-17.74	(1.1%)	(1.5%)	(1.5%)	(1.5%)
CommServices	177.09	5.11	3.0%	11.1%	11.1%	11.1%
<b>Eco Sensitive</b>						
Consumer Disc	1,081.81	-5.54	(0.5%)	7.6%	7.6%	7.6%
Energy	695.32	5.11	0.7%	3.4%	3.4%	3.4%
Industrials	837.89	-29.14	(3.4%)	0.8%	0.8%	0.8%
Info Tech	2,292.54	15.56	0.7%	5.5%	5.5%	5.5%
Materials	521.77	-6.39	(1.2%)	6.6%	6.6%	6.6%
<b>Interest Rate Sensitive</b>						
Financials	588.16	-12.50	(2.1%)	3.2%	3.2%	3.2%
Utilities	351.99	-10.64	(2.9%)	(1.8%)	(1.8%)	(1.8%)
REIT	246.74	-1.86	(0.7%)	6.2%	6.2%	6.2%

COMING UP NEXT WEEK		Consensus	Prior
01/23 Leading Indicators SA M/M	(Dec)	-0.60%	-1.0%
01/24 Markit PMI Manufacturing SA (Preliminary)	(Jan)	46.5	46.2
01/24 Markit PMI Services SA (Preliminary)	(Jan)	47.5	44.7
01/26 GDP SAAR Q/Q (First Preliminary)	(Q4)	1.3%	3.2%
01/26 New Home Sales SAAR	(Dec)	610.0K	640.0K
01/27 Personal Income SA M/M	(Dec)	0.20%	0.40%
01/27 Michigan Sentiment NSA (Final)	(Jan)	64.3	64.6



### Russell Style Return

WTD	Value	Blend	Growth
Large	(1.47%)	(0.58%)	0.38%
Medium	(1.17%)	(0.78%)	(0.05%)
Small	(1.10%)	(1.04%)	(0.98%)

YTD	Value	Blend	Growth
Large	2.94%	3.82%	4.77%
Medium	4.61%	4.83%	5.25%
Small	5.70%	6.06%	6.42%