



Weekly Recap

Investors set their focus on the Fed rate decision and overall state of the labor market this week. The Federal Reserve continued their tightening campaign with an additional hike of 25 basis points (bps) increasing the Fed funds rate to 5-5.25%, as expected. The tone out of Chairman Powell was slightly less hawkish as he mentioned that an additional hike in June is not guaranteed but will depend on economic data in the weeks ahead. With that in mind, he noted current inflation levels do not justify rate cuts. In terms of the labor market, the March JOLTS numbers witnessed some signs of softening conditions as job openings were lighter than expected at 9.59 million and layoffs reached a level not seen since December 2020. However, April's nonfarm payroll numbers came in stronger than expected with the addition of 253k jobs compared to an expectation of 179k. The unemployment rate declined 10 bps to 3.4% and average hourly earnings were up 4.4% on a yearly basis, which was ahead of the expectation of 4.2%. April's employment numbers imply the labor market remains robust and will be taken into consideration when the Fed meets next in June. The equity markets closed the week on a lower note with the S&P 500 down 0.80% and the DJIA down 1.24%. Continuing short term market volatility is something to watch in the coming weeks. Eyes will be on Congress as ongoing negotiations occur regarding the debt ceiling. Treasury Secretary Janet Yellen stated earlier this week that the government could risk running out of cash as soon as June 1st if an agreement to lift or suspend the debt limit is not reached.

Key Thought for The Week

Earlier this year, there was a period of time where strong economic data was viewed negatively by investors given that it would likely spur further interest rate increases from the Federal Reserve in order to tame inflation; the so-called "good news is bad news" dynamic. As it stands today, market expectations are for the Federal Reserve to keep interest rates at their current level until at least July with the prospect for rate cuts in the second half of the year. We are now possibly moving into a "good news is good news" environment from an economic standpoint given the diminished probability of further rate increases. In addition, with the domestic economy showing signs of a slowdown, any indications of resilience within the labor market, goods and services demand, and overall investment spending should help support the narrative for a soft landing and the potential to avoid a contraction in the economy. Friday's rally appeared to confirm this notion as April's nonfarm payroll data posted a strong beat relative to expectations showing continued signs that the labor market can withstand the Fed's restrictive policy. Other information that investors will watch closely is corporate earnings, which have generally been well received thus far into the reporting season. As of Friday and according to FactSet, 79% of S&P 500 companies have reported a positive earnings surprise which represents their best performance relative to analyst expectations since Q4 2021.

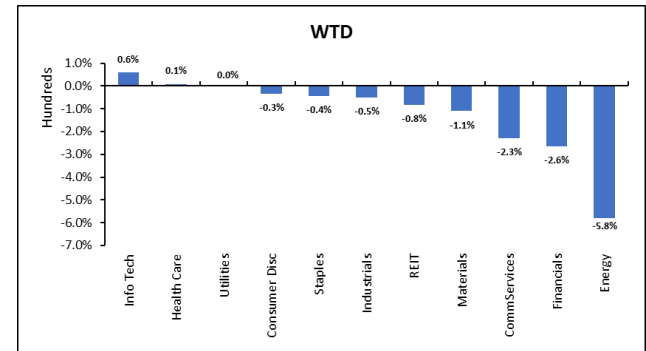
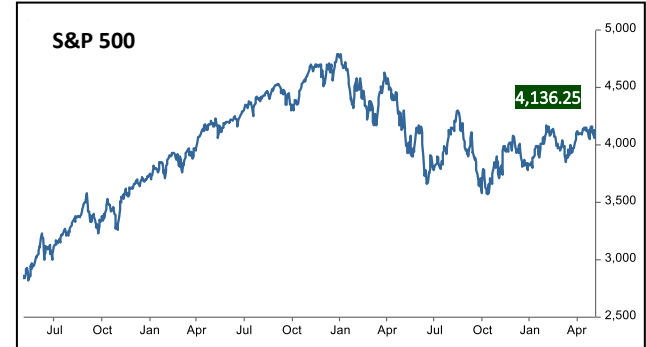
	5/5/2023	Wk Net Change	Wk % Change	Div Yield	YTD % Change	12 Mos % Change
STOCKS	Close					
DJIA	33,674.38	-423.78	-1.24	2.08	1.59	2.05
S&P 500	4,136.25	-33.23	-0.80	1.67	7.73	-0.26
NASDAQ	12,235.41	8.83	0.07	0.88	16.90	-0.67
S&P MidCap 400	2,461.10	-29.30	-1.18	1.94	1.26	-2.13
EAFE	2,130.58	-13.27	-0.62	3.33	9.60	6.89
Emerging Market	976.36	-0.69	-0.07	3.15	2.09	-7.78
TREASURIES	Yield					
1-Year	4.75			USD/EUR	1.10	0.00
2-Year	3.92			JPY/USD	134.80	1.11
5-Year	3.41			USD/GBP	1.26	0.55
10-Year	3.44			CAD/USD	1.34	1.32
30-Year	3.75					

Source: FactSet/Bloomberg

Sector - Large Cap

	Close	Wk Net Change	WTD	MTD	QTD	YTD
Defensive						
Staples	803.74	-3.46	-0.4	(0.4%)	3.0%	3.2%
Health Care	1,556.81	1.42	0.1	0.1%	3.1%	(1.8%)
CommServices	193.81	-4.54	-2.3	(2.3%)	1.2%	21.6%
Eco Sensitive						
Consumer Disc	1,148.40	-4.02	-0.3	(0.3%)	(1.3%)	14.2%
Energy	617.15	-38.05	-5.8	(5.8%)	(2.8%)	(8.2%)
Industrials	841.93	-4.18	-0.5	(0.5%)	(1.7%)	1.3%
Info Tech	2,665.88	15.93	0.6	0.6%	1.0%	22.7%
Materials	501.50	-5.56	-1.1	(1.1%)	(1.3%)	2.4%
Interest Rate Sensitive						
Financials	536.83	-14.59	-2.6	(2.6%)	0.3%	(5.8%)
Utilities	350.42	0.16	0.0	0.0%	1.9%	(2.2%)
REIT	234.77	-1.97	-0.8	(0.8%)	(0.0%)	1.0%

	COMING UP NEXT WEEK		Consensus	Prior
05/10	CPI ex-Food & Energy SA M/M	(Apr)	0.30%	0.40%
05/10	CPI SA M/M	(Apr)	0.40%	0.10%
05/10	CPI NSA Y/Y	(Apr)	5.0%	5.0%
05/10	Treasury Budget NSA	(Apr)	\$400.0B	-\$378.1B
05/11	PPI ex-Food & Energy SA M/M	(Apr)	0.20%	-0.10%
05/11	PPI SA MM	(Apr)	0.30%	-0.50%
05/11	PPI NSA Y/Y	(Apr)	2.4%	2.7%
05/12	Michigan Sentiment NSA (Preliminary)	(May)	63.0	63.5



Russell Style Return

	WTD	Value	Blend	Growth	YTD	Value	Blend	Growth
Large	(1.70%)	(0.77%)	0.12%	0.76%	7.94%	15.63%		
Medium	(1.41%)	(1.19%)	(0.80%)	(0.11%)	2.27%	6.69%		
Small	(1.17%)	(0.49%)	0.13%	(4.29%)	0.39%	4.97%		