



Weekly Recap

The January JOLTS report was released earlier this week. It showed that hiring increased to 6.37 million from 6.25 million, layoffs surged to 1.72 million from 1.48 million, and quits dropped to 3.89 million from 4.09 million. The number of job openings fell to 10.8 million in January, a decrease from 11.23 million in December. While this number is heading in the right direction, from the Fed's perspective, a significant imbalance between the supply of workers and demand for labor is still too high. With 1.9 unfilled jobs for every job seeker, labor market conditions remain tight and an impediment to lowering inflation. Friday's job report showed employers adding 311,000 jobs in February, but unemployment increased from 3.4% to 3.6% as more people reentered the labor force. Stocks retreated, and all major indexes sold off sharply as sentiment turned negative in response to Chairman Powell's more hawkish testimony to Congress and significant weakness in the financial sector. Financials tumbled, led by Silvergate Capital's plans to liquidate all assets due to industry and regulatory developments, and the FDICs takeover of SVB Financial. The S&P, DJIA, and NASDAQ posted losses for the week of -1.5%, -1.2%, and -1.9%, respectively. The bond market was extremely volatile. The yield on 2-year Treasuries spiked to its highest level since 2007 (5.07%) on Chairman Powell's testimony but sharply reversed to 4.59% as investors looked for safety.

Key Thought for The Week

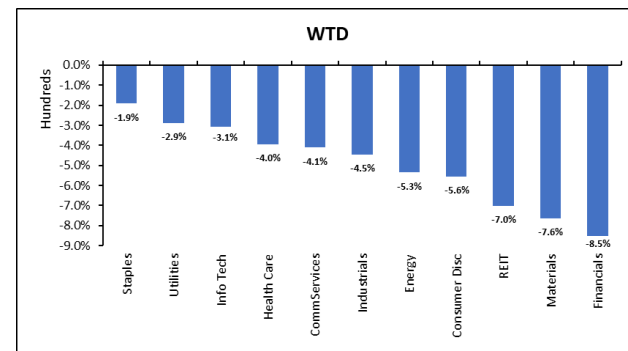
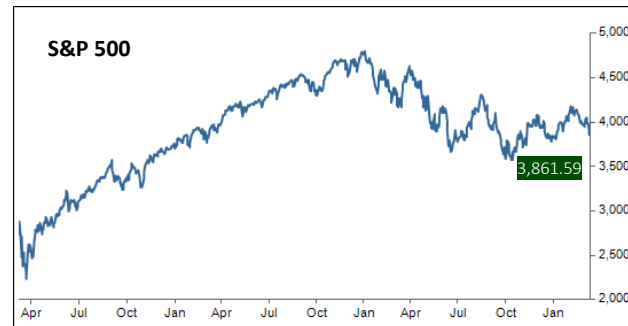
One of the most anticipated events in the market this week was Federal Reserve Chair Powell's semi-annual testimony to the Senate Banking Committee. Powell wasted little time solidifying a hawkish message. According to Powell, "the latest economic data have come in stronger than expected, which suggests that the ultimate level of interest rates is likely to be higher than previously anticipated." The preceding statement opened the door to the possibility of a reacceleration of Fed funds rate increases to 50 basis points as soon as the FOMC meeting that concludes on March 22nd. Although headline inflation has come down since the middle of 2022, the Fed is extremely focused on CPI core services less shelter, which has been reluctant to abate much. Moreover, CPI core services less shelter accounts for roughly 56% of consumer spending and after peaking in September of 2022 at an annualized rate of 6.7% has only declined 50 basis points since then. The next CPI report will be released on March 14th and should prove to be market moving if the core services less shelter data does not show a more meaningful decline. Ultimately the Fed should be successful in bringing inflation down as it continues to tighten monetary policy, but the path will certainly not be linear and it may take more time to come to fruition.

	3/10/2023	Wk Net Change	Wk % Change	Div Yield	YTD Change	12 Mos % Change
STOCKS	Close					
DJIA	31,909.64	-1481.33	-4.44	2.19	-3.73	-3.81
S&P 500	3,861.59	-184.05	-4.55	1.78	0.58	-9.34
NASDAQ	11,138.89	-550.12	-4.71	0.97	6.42	-15.16
S&P MidCap 400	2,452.59	-195.68	-7.39	1.87	0.91	-5.54
EAFE	2,062.92	-7.72	-0.37	3.26	6.12	0.44
Emerging Market	968.39	-19.64	-1.99	3.16	1.26	-12.18

TREASURIES	Yield	FOREX	Price	Wk % Change
2-Year	4.59	USD/EUR	1.06	0.08
5-Year	3.97	JPY/USD	135.03	0.62
10-Year	3.70	USD/GBP	1.20	-0.05
30-Year	3.71	CAD/USD	1.38	-1.69

Sector - Large Cap	Close	Wk Net Change	WTD	MTD	QTD	YTD
Defensive						
Staples	741.17	-14.52	(1.9%)	(1.4%)	(4.9%)	(4.9%)
Health Care	1,443.91	-59.41	(4.0%)	(2.5%)	(8.9%)	(8.9%)
CommServices	170.71	-7.31	(4.1%)	(1.6%)	7.1%	7.1%
Eco Sensitive						
Consumer Disc	1,072.43	-63.07	(5.6%)	(5.1%)	6.7%	6.7%
Energy	628.78	-35.52	(5.3%)	(1.4%)	(6.5%)	(6.5%)
Industrials	835.48	-39.04	(4.5%)	(1.9%)	0.5%	0.5%
Info Tech	2,366.99	-74.84	(3.1%)	(0.6%)	9.0%	9.0%
Materials	491.26	-40.64	(7.6%)	(4.6%)	0.3%	0.3%
Interest Rate Sensitive						
Financials	546.28	-50.77	(8.5%)	(7.9%)	(4.1%)	(4.1%)
Utilities	325.20	-9.64	(2.9%)	(1.1%)	(9.3%)	(9.3%)
REIT	226.20	-17.03	(7.0%)	(5.7%)	(2.7%)	(2.7%)

COMING UP NEXT WEEK	Consensus	Prior
03/14 CPI ex-Food & Energy SA M/M	(Feb) 0.40%	0.40%
03/14 CPI SA M/M	(Feb) 0.40%	0.50%
03/15 PPI ex-Food & Energy SA M/M	(Feb) 0.35%	0.50%
03/15 PPI SA M/M	(Feb) 0.30%	0.70%
03/15 Retail Sales ex-Auto SA M/M	(Feb) 0.30%	2.3%
03/15 Retail Sales SA M/M	(Feb) 0.20%	3.0%
03/17 Industrial Production SA M/M	(Feb) 0.40%	0.0%
03/17 Leading Indicators SA M/M	(Feb) -0.20%	-0.30%
03/17 Michigan Sentiment NSA (Preliminary)	(Mar) 67.0	67.0



Russell Style Return

	WTD	Value	Blend	Growth	YTD	Value	Blend	Growth
Large	(5.50%)	(4.87%)	(4.23%)	(2.34%)	1.02%	4.63%		
Medium	(7.19%)	(6.86%)	(6.28%)	(1.17%)	0.50%	3.61%		
Small	(8.27%)	(8.02%)	(7.79%)	(0.66%)	0.89%	2.41%		

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