

# Weekly Market Update



Market Data as of Week Ending: 8/18/2023 unless noted otherwise

U.S. stock indexes closed the week with losses as sentiment appears to have taken a hit from the sharp increase in longer-term bond yields, and fears of a sharp slowdown in China have grown. After three consecutive weekly declines, the S&P 500 closed below its 50-day moving average for the first time since March. Value stocks lagged their growth counterparts while large companies outperformed their mid- and small-sized peers. All eleven economic sectors recorded negative returns, with cyclical sectors in consumer discretionary, financials, and real estate faring the worst. Meanwhile, despite rising rates, information technology was the best-performing sector for the week. Both developed foreign and emerging markets stocks underperformed relative to domestic stocks.

U.S. Treasury yields continued their rise after the latest Federal Reserve meeting minutes and recent economic data set expectations that interest rates will likely stay higher for longer than initially expected. The yields on the 2-year and 10-year U.S. Treasury rose by 3bps and 10bps, ending the week at 4.92% and 4.26%, respectively. Short-duration government bonds were the best-performing segment, while long-duration high-yield bonds were the worst-performing segment. Yields for investment-grade corporate and high-yield bonds finished the week higher at 5.8% and 8.8%, respectively.

Economic data released last week was generally positive, seemingly raising the prospect of a "no landing" scenario as the economy continues to march ahead. Consumers remain resilient as U.S. retail sales rose by 0.7% in July, topping consensus estimates of 0.4%, with sales increasing in 9 of 13 retail categories. The New York Federal Reserve's Empire State Business Conditions Index fell 20.1 points in August to a reading of negative 19, as new orders and shipments fell sharply. The NAHB Home Builders Confidence Index fell for the first time in 2023 to a reading of 50 as the surging mortgage rate dampens home-buying interest. Housing starts rose 3.9% in July, bringing the housing starts to a 1.45 million annual pace, as the lack of existing inventory has pushed home buyers to consider new builds. The Philadelphia Fed Manufacturing Index rose to 12 in August from negative 13.5, marking the first positive reading in a year. The U.S. Leading Economic Index fell 0.4% in July, the 16th monthly decline in a row, but still suggests a recession is far off.

## U.S. Equity Returns (Size & Style - Russell)

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	-2.37%	-2.12%	-1.89%	-3.88%	-4.88%	-5.78%	-0.50%	-1.61%	-2.61%	4.60%	14.80%	25.65%
Mid	-2.98%	-2.87%	-2.59%	-5.46%	-5.84%	-6.77%	-1.35%	-2.11%	-3.95%	3.82%	6.72%	11.36%
Small	-3.61%	-3.36%	-3.09%	-6.09%	-7.07%	-8.09%	0.99%	-1.39%	-3.79%	3.52%	6.58%	9.25%

## U.S. Fixed Income Returns (Quality & Duration - Bloomberg)

	Week			MTD			QTD			YTD		
	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long
Govt	-0.05%	-0.15%	-1.48%	-0.12%	-0.52%	-5.36%	0.17%	-0.41%	-7.40%	1.13%	0.69%	-3.95%
Corp	-0.19%	-0.37%	-1.38%	-0.48%	-1.10%	-4.89%	0.19%	-0.51%	-5.01%	1.94%	1.81%	-0.38%
HY	-0.49%	-0.80%	-1.54%	-0.51%	-1.04%	-2.11%	0.73%	0.33%	-0.97%	5.76%	5.74%	4.14%

## Index Returns

	Week	MTD	QTD	YTD
<b>Equities (Stocks)</b>				
S&P 500	-2.05%	-4.66%	-1.60%	15.02%
S&P MidCap 400	-3.02%	-5.39%	-1.48%	7.23%
Russell 2000	-3.36%	-7.07%	-1.39%	6.58%
MSCI EAFE	-3.30%	-6.27%	-3.23%	8.06%
MSCI Emerging Markets	-3.29%	-7.74%	-1.99%	2.80%
MSCI EAFE Small Cap	-3.46%	-6.00%	-1.83%	3.59%
<b>Fixed Income (Bonds)</b>				
Bloomberg Int Gov/Credit	-0.22%	-0.70%	-0.44%	1.05%
Bloomberg US Agg	-0.50%	-1.85%	-1.92%	0.13%
Bloomberg US High Yield	-0.82%	-1.07%	0.30%	5.69%
<b>Other</b>				
Bloomberg Commodity	-1.17%	-2.62%	3.47%	-4.59%
S&P Dev Property	-3.30%	-5.83%	-2.12%	-0.60%

## S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	-4.09%	-5.75%	-3.45%	28.47%
Consumer Staples	-2.37%	-3.46%	-1.39%	-0.12%
Energy	-1.18%	1.50%	9.01%	3.00%
Financials	-2.79%	-3.94%	0.71%	0.18%
Health Care	-1.53%	-0.43%	0.58%	-0.91%
Industrials	-2.43%	-3.79%	-1.00%	9.08%
Info Technology	-0.77%	-7.68%	-5.20%	35.35%
Materials	-2.33%	-5.73%	-2.51%	5.03%
Real Estate	-3.21%	-5.19%	-4.01%	-0.37%
Communication Svcs	-2.74%	-5.16%	1.43%	38.19%
Utilities	-1.74%	-5.41%	-3.07%	-8.58%

## Bond Yields

	8/18/23	7/31/23	6/30/23	12/31/22
3Mo Libor	5.64%	5.63%	5.55%	4.77%
SOFR 3Mo Swap	5.37%	5.36%	5.26%	4.59%
2Yr Treasury	4.92%	4.88%	4.87%	4.41%
10Yr Treasury	4.26%	3.97%	3.81%	3.88%
2-10 Slope	-0.66%	-0.91%	-1.06%	-0.53%

## Commodities and Currency

	8/18/23	7/31/23	6/30/23	12/31/22
Oil (\$/barrel)	81.25	81.8	70.64	80.26
Gold (\$/oz.)	1889.31	1965.09	1919.35	1824.02

Past performance is not a guarantee of future results. We believe the information presented is reliable, but we do not guarantee its accuracy.