Weekly update
Investors keep it positive
March 3, 2023

The economy

- U.S. equities posted gains for the week ending March 3, after Friday's rally in response to positive economic data. Investors continue to parse comments from Federal Reserve (Fed) members for hints of the central bank's views on inflation and further interest-rate hikes.
- The S&P Global US Services PMI™ unexpectedly climbed 3.8 points to 50.6 in February—ending seven consecutive months of contraction. (A reading above 50 indicates expansion of activity in the services sector.) A decline in new business due to relatively weak client demand was offset by a notable uptick in service sector employment.
- In a speech to the Mid-Size Bank Coalition of America in Los Angeles on Thursday, Fed Governor Christopher J. Waller stated that recent economic reports have forced him to rethink his view that the Federal Open Market Committee was making progress in its effort to cool inflation, citing the continued strength in the U.S. labor market. Waller also commented that he would be "very pleased if the data we receive on inflation and the labor market this month show signs of moderation, which would suggest that the February data releases were just a bump in the road and that progress is continuing. But wishful thinking is not a substitute for hard evidence, in the form of economic data. After seeing promising signs of progress, we cannot risk a revival of inflation."
- There were mixed signals in the labor market. Initial unemployment insurance claims decreased by 2,000 to 190,000 for the week ending February 25, according to the Department of Labor. However, the total number of claims was up 8,000 year-over-year. The four-week moving average of initial claims rose 1,750 to 193,000, but still lagged the average of 195,000 for the same four-week period in 2022.
- The U.S. Census Bureau announced that new orders for durable goods fell 4.5% to $272.3 billion in January, following a 5.1% gain in December. The decline in January was due mainly to a reduction in orders for transportation equipment, which were down 13.3% for the month. Durable goods orders data provide a gauge of the status of the supply chain and the level of confidence that businesses and consumers have in the U.S. economy.
- The Conference Board's Consumer Confidence Index® fell 3.1 points to 102.9 in February—the second consecutive monthly decline—suggesting that consumers have become somewhat less optimistic about the U.S. economy. The Expectations Index, an indicator of consumers' short-term outlook for income, business, and labor market conditions, also decreased from 76.0 to 69.7 during the month amid ongoing worries about inflation and rising interest rates, which have led to higher borrowing costs for consumers. A reading below 80—which the index has recorded for 11 of the past 12 months—indicates that consumers are concerned about a recession. On the positive side, the Present Situation Index, which reflects U.S. consumers' views of current conditions in the business and labor markets, rose 1.7 points to 152.8 in February due to consumers' more favorable view of the U.S job market.

Stocks

- Global equities closed higher for the week. Emerging markets fared slightly better than developed markets.
- U.S. equities were in positive territory. Telecommunications and materials were the top performers, while consumer staples and utilities lagged. Growth stocks led value and small caps narrowly led large caps.

Bonds

- The 10-year U.S. Treasury note yield increased to 3.96% during the week.
- Global bond markets retreated during the week.
- High-yield bonds led, followed by government bonds and corporate bonds.

The Numbers as of March 3, 2023	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.5%	4.3%	-8.6%	631.2
MSCI EAFE ($)	0.8%	5.6%	-2.7%	2051.8
MSCI Emerging Mkts ($)	0.8%	2.5%	-16.4%	980.1
US & Canadian Equities				
Dow Jones Industrials ($)	1.7%	0.7%	-1.2%	33391.0
S&P 500 ($)	1.9%	5.4%	-7.3%	4045.6
NASDAQ ($)	2.6%	11.7%	-13.7%	11689.0
S&P/ TSX Composite (C$)	1.8%	6.2%	-3.1%	20581.6
UK & European Equities				
FTSE All-Share (£)	0.9%	6.5%	7.8%	4338.3
MSCI Europe ex UK (€)	0.9%	9.2%	6.2%	1617.8
Asian Equities				
Topix (¥)	1.6%	6.8%	7.3%	2019.5
Hong Kong Hang Seng ($)	2.8%	4.0%	-8.5%	20567.5
MSCI Asia Pac. Ex-Japan ($)	0.7%	2.7%	-12.7%	519.4
Latin American Equities				
MSCI EMF Latin America ($)	-0.2%	2.9%	-11.0%	2190.8
Mexican Bolsa (peso)	3.0%	11.9%	1.3%	54248.8
Brazilian Bovespa (real)	-1.9%	-5.4%	-9.9%	103802.9
Commodities ($)				
West Texas Intermediate Spot	4.4%	-0.7%	-26.0%	79.7
Gold Spot Price	2.1%	1.3%	-4.4%	1847.5
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-0.4%	-0.8%	-13.8%	442.5
JPMorgan Emerging Mkt Bond	-0.9%	-0.1%	-8.7%	767.7
10-Year Yield Change (basis points*)				
US Treasury	1	8	212	3.96%
UK Gilt	19	18	255	3.85%
German Bund	18	15	270	2.71%
Japan Govt Bond	0	8	33	0.51%
Canada Govt Bond	-4	4	156	3.34%
Currency Returns**				
US$ per euro	0.8%	-0.7%	-3.9%	1.063
Yen per US$	-0.5%	3.6%	17.6%	135.82
US$ per £	0.8%	-0.3%	-9.8%	1.205
C$ per US$	-0.1%	0.3%	7.2%	1.359

Source: Bloomberg. Equity-index returns are price only, others are total return. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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