WEEKLY MARKET UPDATE | APRIL 28, 2023

Living large (cap).

The economy

- Large-cap U.S. equities posted modest gains during the week ending April 28, as a market rally on Thursday and Friday erased earlier losses. Signs of slowing inflation and better-than-expected corporate results from several technology giants offset investors' concerns about relatively weak earnings reports from some large industrial companies and auto manufacturers, as well as several regional banks. Small- and mid-cap stocks, however, ended the week in slightly negative territory as the late-week rally could not overcome significant losses in these segments of the market in the first three days of the week.
- According to the Department of Commerce, the personal-consumption-expenditures (PCE) price index rose 0.1% in March and 4.2% over the previous 12-month period—down from February's 0.3% and 5.1% respective monthly and annual increases. Food prices dipped 0.2% during the month and were up 8.0% year-over-year—sharply lower than the 0.2% and 9.7% increases for the corresponding time periods in February. Energy goods and services costs fell 3.7% in March and tumbled 9.8% over the previous 12 months. The PCE price index is the Federal Reserve's (Fed) preferred gauge of inflation, as it tracks the change in prices paid by or on behalf of consumers for a more comprehensive set of goods and services than that of the consumer-price index (CPI).
- The Department of Commerce also reported that U.S. gross domestic product (GDP) growth moderated in the first quarter of 2023 to an annualized rate of 1.1%, down from 2.6% in the fourth quarter of 2022. The largest increases for the quarter were in consumer spending, exports, and federal government spending, offsetting reductions in private inventory investment (a measure of the changes in values of inventories from one time period to the next) and residential fixed investment (purchases of private residential structures and residential equipment that property owners use for rentals). The government attributed the slower GDP growth rate to declines in private inventory investment and nonresidential fixed investment (purchases of both nonresidential structures and equipment and software).
- The administration of President Joe Biden has not been able to reach an agreement to raise the government's debt ceiling with the Republican Party majority in the U.S. House of Representatives. In a speech to the Sacramento Metropolitan Chamber of Commerce on Tuesday, U.S. Treasury Secretary Janet Yellen warned that, if the U.S. Congress does not agree to raise the debt ceiling, the government will default on its financial obligations, leading to "an economic and financial catastrophe." Yellen also stated that the government would not be able to issue benefit payments, including Social Security, and that a default would increase the cost of borrowing "into perpetuity."
- U.S. home prices saw modest improvement in February (the most recent reporting period). The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, which measures the value of residential real estate in 20 major U.S. metropolitan areas, was up 0.2% for the month, breaking a string of seven consecutive monthly declines. The index posted an annual gain of 2.0%, down from the 3.7% increase in January, and 4.9% below its peak in June 2022.
- Investors anxiously await the Federal Open Market Committee's (FOMC) meeting on Tuesday and Wednesday of next week (May 2-3) to see whether recent economic reports will have an impact on monetary policy. As of April 28, CME's FedWatch Tool—a gauge of the market's expectations of potential changes to the federal-funds target rate while assessing potential Fed monetary policy actions at FOMC meetings—indicated that there was a roughly 82% chance that the Fed will raise its benchmark interest rate by 25 basis points (0.25%) to a range of 5.00%-5.25% next week. There was a roughly 18% probability that the central bank will leave the rate unchanged.

Stocks

- Global equities closed down for the week. Developed markets fared better than emerging markets.
- U.S. equities recorded gains. Telecommunications and information technology were the top performers, while utilities and industrials lagged. Growth stocks led value, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield decreased to 3.44% during the week.
- Global bond markets advanced for the week.
- Government bonds led the markets, followed by corporate bonds and high-yield bonds.

The Numbers as of April 28, 2023	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	-0.3%	7.5%	-2.3%	650.5
MSCI EAFE ($)	-0.6%	9.7%	6.0%	2133.4
MSCI Emerging Mkts ($)	-0.9%	1.7%	-7.7%	972.2
US & Canadian Equities				
Dow Jones Industrials ($)	0.9%	2.9%	0.5%	34098.2
S&P 500 ($)	0.9%	8.6%	-2.8%	4169.5
NASDAQ ($)	1.3%	16.8%	-5.0%	12226.6
S&P/ TSX Composite (C$)	-0.3%	6.5%	-2.3%	20636.5
UK & European Equities				
FTSE All-Share (£)	-0.3%	5.1%	2.8%	4283.8
MSCI Europe ex UK (€)	-1.0%	11.1%	6.1%	1645.2
Asian Equities				
Topix (¥)	1.1%	8.8%	8.3%	2057.5
Hong Kong Hang Seng ($)	-0.9%	0.6%	-1.9%	19894.6
MSCI Asia Pac. Ex-Japan ($)	-1.2%	1.3%	-6.4%	512.0
Latin American Equities				
MSCI EMF Latin America ($)	-0.4%	4.3%	-4.7%	2220.0
Mexican Bolsa (peso)	1.8%	13.8%	4.8%	55146.5
Brazilian Bovespa (real)	-0.1%	-5.0%	-5.2%	104225.0
Commodities ($)				
West Texas Intermediate Spot	-1.4%	-4.3%	-27.1%	76.8
Gold Spot Price	0.7%	9.2%	5.4%	1991.6
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.3%	3.0%	-2.8%	459.2
JPMorgan Emerging Mkt Bond	0.4%	2.2%	-1.0%	785.5
10-Year Yield Change (basis points*)				
US Treasury	-14	-44	61	3.44%
UK Gilt	-4	5	184	3.72%
German Bund	-17	-26	141	2.31%
Japan Govt Bond	-8	-3	16	0.39%
Canada Govt Bond	-9	-46	6	2.85%
Currency Returns**				
US$ per euro	0.3%	2.9%	4.9%	1.102
Yen per US$	1.6%	3.9%	4.1%	136.27
US$ per £	1.1%	4.0%	0.9%	1.257
C$ per US$	0.1%	0.0%	5.8%	1.355

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.

Important information

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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