

In focus

Equity markets moved higher last week with nine of the 11 S&P 500 sectors finishing in the green. Defensive sectors like health care and utilities fell behind as consumer discretionary, information technology, and communication services amassed impressive rallies. The 2.5% increase for the index builds on top of an already strong start to the year. Some of last year's biggest losers have bounced back the hardest as fund outflows have eased and January tends to be a mean-reversion month.

In preparation for the Federal Open Market Committee (FOMC) meeting this Wednesday, the Federal Reserve (Fed) entered its quiet period last week. With no Fed-speak to analyze, the only new information that investors received were the recent economic data points. The preliminary 4Q Gross Domestic Product (GDP) and the Personal Consumption Expenditures (PCE) provided new information, but nothing that seemed to cause any outsized surprises. Accordingly, the market's outlook for a smaller 0.25% rate increase remained intact.

Earnings have been another factor at play, though it seems expectations have been lowered. The average change in price for negative earnings surprises so far is +0.7%, compared to the 5-year average of -2.2%, according to FactSet. The week ahead is important with 21% of S&P 500 companies, including some mega-cap technology companies, reporting in addition to the FOMC and payrolls.

A look back

- Global equity markets moved higher last week with broad strength across all regions. The S&P 500 was able to close the week out above its 200-day moving average.
- Yields ended the week with only subtle changes and a small steepening of the 3-month/10-year U.S. Treasury curve.
- Preliminary 4Q22 real Gross Domestic Product (GDP) rose an annualized 2.9% from the prior quarter, exceeding expectations.

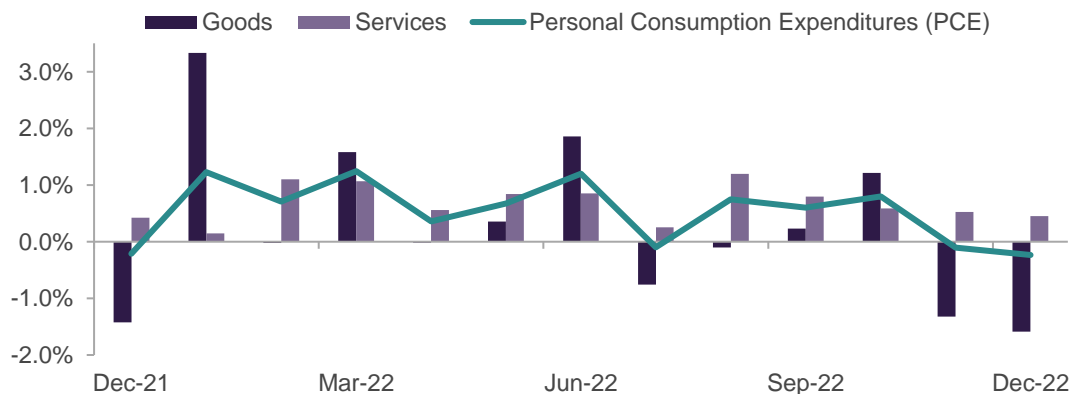
A look ahead

- Earnings season kicks into high gear this week with 107 companies in the S&P 500 slated to report fourth quarter results.
- The Federal Reserve (Fed) will remain quiet leading up to Wednesday's FOMC meeting and the Fed Funds rate decision.
- Economic releases: Fed Funds Rate, ISM & S&P Global U.S. Manufacturing & Services, Durable Goods Orders, Nonfarm Payrolls, and the Unemployment Rate.

Chart of the week – Inflation gauge trends lower

The Fed's preferred inflation gauge, Personal Consumption Expenditures (PCE), declined in December for the second consecutive month. Goods expenditures dropped by -1.6% while spending on services continued to rise but at a slower rate than the prior month. The downward trend in PCE supports the idea that the Fed may increase rates more slowly in the near-term.

Monthly % change in PCE by category



Data Source: Truist IAG, Federal Reserve Bank of St. Louis



Market Pulse

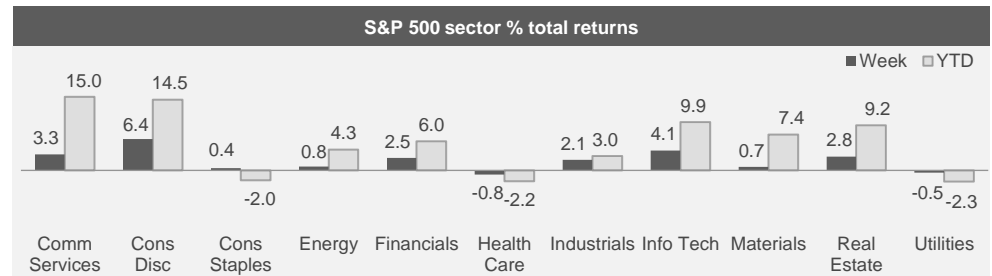
As of January 27, 2023

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	2.14	7.42	7.42	7.42	-4.75
S&P 500	2.48	6.11	6.11	6.11	-4.33
MSCI EAFE (net)	1.40	8.55	8.55	8.55	-1.58
MSCI Emerging Markets (net)	1.44	9.95	9.95	9.95	-9.19
Dow Jones Industrials	1.81	2.60	2.60	2.60	1.56
Bloomberg Commodity Index	-0.37	-0.71	-0.71	-0.71	7.61
Bloomberg Aggregate	0.09	2.99	2.99	2.99	-8.37
ICE BofA US High Yield	0.39	3.98	3.98	3.98	-5.42
Bloomberg Municipal Bond Blend 1-15 Year	0.03	2.21	2.21	2.21	-1.87
ICE BofA Global Government xUS (USD Unhedged)	-0.35	3.18	3.18	3.18	-17.36
ICE BofA Global Government xUS (USD Hedged)	-0.38	1.69	1.69	1.69	-9.31

Rates (%)	1/27/23	12/30/22	9/30/22	6/30/22	3/31/22
Fed Funds Target	4.50	4.50	3.25	1.75	0.50
Libor, 3-Month	4.82	4.76	3.75	2.28	0.96
T-Bill, 3-Month	4.66	4.41	3.23	1.64	0.51
2-Year Treasury	4.20	4.41	4.20	2.93	2.28
5-Year Treasury	3.62	4.00	4.03	3.00	2.42
10-Year Treasury	3.52	3.87	3.79	2.97	2.32
30-Year Treasury	3.63	3.96	3.76	3.12	2.45
Bloomberg Aggregate (YTW)	4.31	4.68	4.75	3.72	2.92
Bloomberg Municipal Bond Blend 1-15 Year	2.71	3.18	3.73	2.82	2.36
ICE BofA US High Yield	8.10	8.95	9.58	8.93	6.02
Currencies	1/27/23	12/30/22	9/30/22	6/30/22	3/31/22
Euro (\$/€)	1.08	1.07	0.98	1.05	1.11
Yen (¥/\$)	129.98	131.95	144.75	135.86	121.37
Pound (\$/£)	1.24	1.20	1.12	1.21	1.32
Commodities	1/27/23	12/30/22	9/30/22	6/30/22	3/31/22
Crude Oil (WTI)	79.68	80.26	79.49	105.76	100.28
Gold	1,929	1,826	1,672	1,807	1,954
Volatility	1/27/23	12/30/22	9/30/22	6/30/22	3/31/22
CBOE VIX	18.51	21.67	31.62	28.71	20.56

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
2.27	2.48	2.67	6.51	6.11	5.75	Large
2.65	2.39	2.13	9.84	7.86	5.93	Mid
2.53	2.07	1.63	10.04	7.95	6.02	Small

Data Source: Truist, FactSet



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S&P 500 Index is comprised of 500 widely-held securities considered to be representative of the stock market in general.

S&P 500 Information Technology Index —a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the information technology sector based on GICS® classification.

The CBOE Volatility Index® (VIX®) is a measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

MSCI ACWI Index (MSCI All Country World) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices.

MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.

MSCI EM Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Bloomberg Global Aggregate Index is an index of investment grade debt including treasury, government-related, corporate and securitized debt, from 24 local currency benchmarks.

Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

The ICE BofAML U.S. High Yield Index tracks the performance of below investment grade, but not in default, U.S. dollar denominated corporate bonds publicly issued in the U.S. domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P.

The Bloomberg Municipal Bond Blend 1-15 Year (1-17 Yr) is an index of municipal bonds with a minimum credit rating of at least Baa, issued as part of a deal of at least \$50 million, that have a maturity value of at least \$5 million and a maturity range of 12 to 17 years.

The Bloomberg U.S. Corporate High Yield measures the USD-denominated high yield fixed-rate corporate bond market. Bonds are classified as high yield if they are rated below BBB by Moody's and S&P.

The Bloomberg Dollar Spot Index tracks a basket of 10 leading global currencies versus the U.S. dollar.

The ICE BofAML Global Government ex U.S. Index tracks the performance of publicly issued investment grade sovereign debt denominated in the issuer's own domestic currency excluding all securities denominated in U.S. dollars.

JP Morgan EMBI Global Diversified index includes only USD-denominated emerging markets sovereign bonds and the traditional, market capitalization weighted method for country allocation is modified to limit the weights of index countries with larger debt loads by only including a specified portion of the eligible fact amounts of the debt outstanding.

The Bloomberg Commodity Index is a composition of futures contracts on physical commodities in five sectors including energy, agriculture, industrial metals, precious metals and livestock.

The S&P U.S. REIT index measures the investable universe of publicly traded real estate investment trusts domiciled in the United States.

IA SBBBI U.S. Large Stock Index measures the total return of U.S. large cap stocks on a monthly basis.

IA SBBBI Intermediate-Term Government Bond Index measures the total return of U.S. intermediate-term government bonds on a monthly basis.

IA SBBBI U.S. 30-day T-Bill index measures the total return of T-Bills with a maturity of one month on a monthly basis.

The S&P 500 High Beta index measures the performance of 100 constituents in the S&P 500 that are the most sensitive to changes in market returns.

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