

**In focus**

Markets ended last week broadly higher, but not without some turbulence. The S&P 500 kicked off the first trading session of the new year down nearly half a percent. After heavy vacillation, the index closed out the week with its best session in over a month. Treasuries mostly improved last week as the 10-year yield fell by 31-basis points (0.31%) to break through its 50-day moving average.

While some of the volatility in the equity markets last week seemed to support the idea that January trading can be somewhat mean reverting, the choppiness was once again a byproduct of economic data influencing expectations on inflation and the Federal Reserve's (Fed) response. Declining average hourly earnings, as well as contractions in both the ISM manufacturing and services indices, supported the narrative that the Fed may consider a step-down in the size of rate hikes. On the other hand, payroll increases, a drop in the unemployment rate, and hawkish Federal Open Market Committee (FOMC) meeting minutes created skeptics of that idea.

The coming week will be important with Consumer Price Index (CPI) inflation data from December being published on Thursday and corporate earnings getting underway with banks on Friday. In the near-term, we still expect choppy waters to remain given economic and earnings risk.

**A look back**

- Global equity markets moved higher last week with broad strength across all regions. The MSCI ACWI broke a four-week stretch of negative performance.
- Yields fell for both the 2- & 10-year U.S. Treasuries; however, the 3-month yield rose, further inverting the 3-month/10-year curve.
- U.S. payrolls from December showed an increase of 223,000, and the unemployment rate dropped to 3.5%.

**A look ahead**

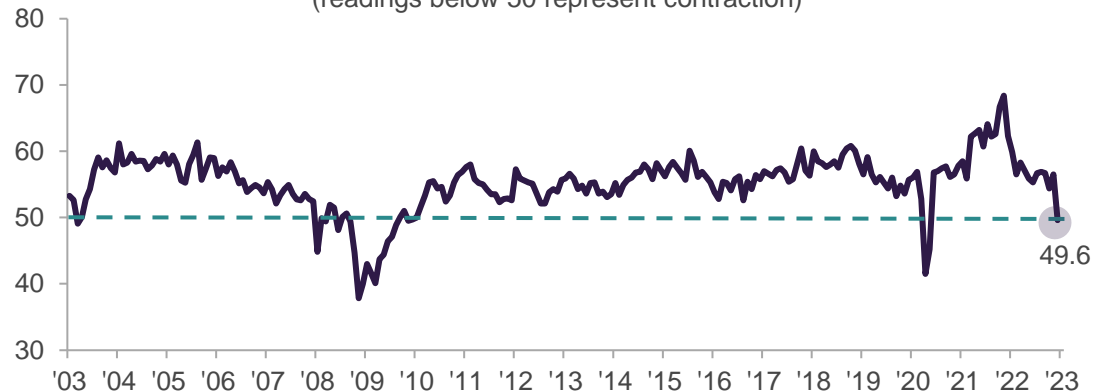
- Companies will begin to report earnings this week. Most notably, the big banks will start reporting on Friday.
- Several Fed officials, including Fed Chair Powell, will take the stage this week ahead of Thursday's highly anticipated CPI report.
- Economic releases: NFIB Small Business Optimism, Wholesale Inventories, CPI, Average Hourly Earnings, University of Michigan Sentiment.

**Chart of the week – ISM Services Index falls into contraction**

The ISM Services Index, a gauge of the non-manufacturing side of the U.S. economy, fell into contractionary territory in December for the first time since May 2020. The ISM Manufacturing index had already begun to contract in November 2022 and signaled further contraction in December.

**ISM Services Index**

(readings below 50 represent contraction)



Data Source: Truist IAG, FactSet



# Market Pulse

As of January 06, 2023

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	2.00	2.00	2.00	2.00	-15.48
S&P 500	1.47	1.47	1.47	1.47	-15.63
MSCI EAFE (net)	2.68	2.68	2.68	2.68	-11.64
MSCI Emerging Markets (net)	3.39	3.39	3.39	3.39	-16.32
Dow Jones Industrials	1.50	1.50	1.50	1.50	-5.21
Bloomberg Commodity Index	-4.08	-4.08	-4.08	-4.08	9.53
Bloomberg Aggregate	1.85	1.85	1.85	1.85	-10.23
ICE BofA US High Yield	2.28	2.28	2.28	2.28	-8.55
Bloomberg Municipal Bond Blend 1-15 Year	0.83	0.83	0.83	0.83	-4.77
ICE BofA Global Government xUS (USD Unhedged)	0.72	0.72	0.72	0.72	-20.08
ICE BofA Global Government xUS (USD Hedged)	1.14	1.14	1.14	1.14	-10.06
JP Morgan EMBI Global Diversified	0.96	0.96	0.96	0.96	-15.75

Rates (%)	1/06/23	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	4.81	4.76	3.75	2.28	0.96
T-Bill, 3-Month	4.61	4.41	3.23	1.64	0.51
2-Year Treasury	4.26	4.41	4.20	2.93	2.28
5-Year Treasury	3.70	4.00	4.03	3.00	2.42
10-Year Treasury	3.56	3.87	3.79	2.97	2.32
30-Year Treasury	3.69	3.96	3.76	3.12	2.45
Bloomberg Aggregate (YTW)	4.43	4.68	4.75	3.72	2.92
Bloomberg Municipal Bond Blend 1-15 Year	2.99	3.18	3.73	2.82	2.36
ICE BofA US High Yield	8.45	8.95	9.58	8.93	6.02
Currencies	1/06/23	12/30/22	9/30/22	6/30/22	3/31/22
Euro (\$/€)	1.06	1.07	0.98	1.05	1.11
Yen (¥/\$)	132.42	131.95	144.75	135.86	121.37
Pound (\$/£)	1.20	1.20	1.12	1.21	1.32
Commodities	1/06/23	12/30/22	9/30/22	6/30/22	3/31/22
Crude Oil (WTI)	73.77	80.26	79.49	105.76	100.28
Gold	1,870	1,826	1,672	1,807	1,954
Volatility	1/06/23	12/30/22	9/30/22	6/30/22	3/31/22
CBOE VIX	21.13	21.67	31.62	28.71	20.56

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
2.99	1.47	0.08	2.99	1.47	0.08	Large
3.51	2.48	1.48	3.51	2.48	1.48	Mid
3.36	2.47	1.65	3.36	2.47	1.65	Small

Data Source: Truist, FactSet



**Important Disclosures**— All information is as of title date unless otherwise noted. This document was prepared for clients of Truist Bank for informational purposes only. This material may not be suitable for all investors and may not be redistributed in whole or part. Neither Truist Bank, nor any affiliates make any representation or warranties as to the accuracy or merit of this analysis for individual use. Information contained herein has been obtained from sources believed to be reliable, but are not guaranteed. Comments and general market related projections are based on information available at the time of writing and believed to be accurate—are for informational purposes only, are not intended as individual or specific advice, may not represent the opinions of the entire firm and may not be relied upon for future investing. The views expressed may change at any time. The information provided in this report should not be considered a recommendation to purchase or sell any financial instrument, product or service sponsored or provided by Truist Bank or its affiliates or agents. Investors are advised to consult with their investment professional about their specific financial needs and goals before making any investment decisions. Past returns are not indicative of future results. An investment cannot be made into an index.

# Disclosures

All information is as of title date unless otherwise noted. This document was prepared for clients Truist Bank for informational purposes only. This material may not be suitable for all investors and may not be redistributed in whole or part. Neither Truist Bank, nor any affiliates make any representation or warranties as to the accuracy or merit of this analysis for individual use. Information contained herein has been obtained from sources believed to be reliable, but are not guaranteed. Comments and general market related projections are based on information available at the time of writing and believed to be accurate— are for informational purposes only, are not intended as individual or specific advice, may not represent the opinions of the entire firm and may not be relied upon for future investing. The views expressed may change at any time. The information provided in this report should not be considered a recommendation to purchase or sell any financial instrument, product or service sponsored or provided by Truist Bank or its affiliates or agents. Investors are advised to consult with their investment professional about their specific financial needs and goals before making any investment decisions. Past returns are not indicative of future results. An investment cannot be made into an index.

Commonly used acronyms— SAAR = seasonally adjusted annual rate— MoM = month-over-month change— QoQ = quarter-over-quarter change— YoY = Year-over-year change— K = thousands— M = millions. Investing in the bond market is subject to certain risks, including market, interest rate, issuer and inflation risk— investments may be worth more or less than the original cost when redeemed. The value of most bond strategies and fixed income securities are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and more volatile than securities with shorter durations— bond prices generally fall as interest rates rise, and values rise when interest rates decline.

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.

MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. It is not possible to invest directly in an index.

Truist Wealth is a name used by Truist Financial Corporation. Banking products and services, including loans, deposit accounts, trust and investment management services provided by Truist Bank, Member FDIC. Securities, brokerage accounts, insurance/annuities offered by Truist Investment Services, Inc. member FINRA, SIPC, and a licensed insurance agency where applicable. Life insurance products offered by referral to Truist Insurance Holdings, Inc. and affiliates. Investment advisory services offered by Truist Advisory Services, Inc., Sterling Capital Management, LLC, and affiliated SEC registered investment advisers. Sterling Capital Funds advised by Sterling Capital Management, LLC.

All information is as of title date unless otherwise noted. This document was prepared for clients of Truist Bank for informational purposes only. This material may not be suitable for all investors and may not be redistributed in whole or part. Neither Truist Bank, nor any affiliates make any representation or warranties as to the accuracy or merit of this analysis for individual use. Information contained herein has been obtained from sources believed to be reliable, but are not guaranteed. Comments and general market related projections are based on information available at the time of writing and believed to be accurate— are for informational purposes only, are not intended as individual or specific advice, may not represent the opinions of the entire firm and may not be relied upon for future investing. The views expressed may change at any time. The information provided in this report should not be considered a recommendation to purchase or sell any financial instrument, product or service sponsored or provided by Truist Bank or its affiliates or agents. Investors are advised to consult with their investment professional about their specific financial needs and goals before making any investment decisions. Past returns are not indicative of future results. An investment cannot be made into an index.

© 2021 Truist Financial Corporation. Truist, the Truist logo and Truist purple are service marks of Truist Financial Corporation. CN2023-5401314.1 EXP12-2023



Wealth