

In focus

After mixed trading, the S&P 500 ended last week down, recording the first back-to-back weekly loss for the index so far this year. Bonds were down as well, causing the yield curve to flatten. The tug-of-war between data showing the health of the economy and data demonstrating the persistence of inflation was won by the latter last week.

Equity markets started the week hopeful that January Consumer Price Index (CPI) data would support a disinflation narrative but were disappointed by numbers that showed a slower rate of cooling than in December. While the CPI data was in line with expectations and yearly CPI continued to decline, increases in energy, food, and shelter supported the Federal Reserve's (Fed) motto of higher for longer.

By mid-week, there was another volley of data to prepare for. Retail sales grew by 3%, the largest increase in two years, demonstrating the health of the consumer and prompting the question, could demand once again fuel inflation? January's Producer Price Index (PPI) outpaced expectations and took some wind out of both the disinflation narrative and the markets, which ended lower in the next two sessions.

This week, the Fed's preferred inflation gauge, Personal Consumption Expenditures (PCE), will be in focus as investors try to better understand the path of inflation and the Fed's plans to bring it down.

A look back

- Global equity markets ended mixed last week with U.S. stocks trading slightly negative and international developed slightly positive. Emerging market equities lagged at -1.4%.
- Yields ended the week generally higher with a notable jump in the 2-year U.S. Treasury yield, causing the 2-/10-year yield curve to invert to levels not seen in four decades.
- January's Producer Price Index came in above expectations at 0.7%, the biggest increase in goods prices since June 2022.

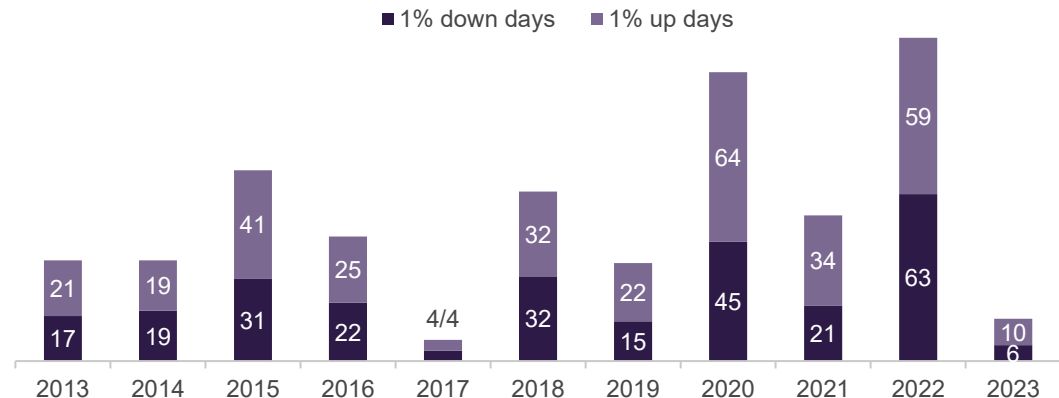
A look ahead

- Less than 20% of the S&P 500 is left to report earnings, though this week we hear from several large household names like Home Depot (HD) and Walmart (WMT).
- FOMC meeting minutes will be released Wednesday, providing investors with a more detailed view of the Fed's mindset.
- Economic releases: S&P Global U.S. Manufacturing & Services, New & Existing Home Sales, GDP revisions, PCE, and Univ. of Michigan Sentiment.

Chart of the week – Daily moves of at least 1% in the S&P 500

The S&P 500 ended last week down only -0.3%, though not without several volatile sessions in between. So far this year, outsized daily moves exceeding 1% have skewed towards the positive with 10 sessions up by more than 1% and only six sessions down by more than 1%.

S&P 500 - Number of 1% up and down days



Data Source: Truist IAG, FactSet



Market Pulse

As of February 17, 2023

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-0.24	-0.44	6.70	6.70	-7.40
S&P 500	-0.20	0.20	6.50	6.50	-5.27
MSCI EAFE (net)	0.12	-0.58	7.47	7.47	-4.89
MSCI Emerging Markets (net)	-1.38	-3.07	4.58	4.58	-17.18
Dow Jones Industrials	0.02	-0.57	2.35	2.35	0.70
Bloomberg Commodity Index	-1.88	-4.50	-4.97	-4.97	-1.93
Bloomberg Aggregate	-0.47	-1.95	1.07	1.07	-8.53
ICE BofA US High Yield	-0.90	-1.65	2.20	2.20	-5.27
Bloomberg Municipal Bond Blend 1-15 Year	-1.20	-1.54	0.67	0.67	-2.31
ICE BofA Global Government xUS (USD Unhedged)	-1.50	-3.01	-0.14	-0.14	-19.28
ICE BofA Global Government xUS (USD Hedged)	-0.33	-0.41	1.09	1.09	-7.89

Rates (%)	2/17/23	12/30/22	9/30/22	6/30/22	3/31/22
Fed Funds Target	4.75	4.50	3.25	1.75	0.50
Libor, 3-Month	4.91	4.76	3.75	2.28	0.96
T-Bill, 3-Month	4.80	4.41	3.23	1.64	0.51
2-Year Treasury	4.61	4.41	4.20	2.93	2.28
5-Year Treasury	4.03	4.00	4.03	3.00	2.42
10-Year Treasury	3.83	3.87	3.79	2.97	2.32
30-Year Treasury	3.88	3.96	3.76	3.12	2.45
Bloomberg Aggregate (YTW)	4.66	4.68	4.75	3.72	2.92
Bloomberg Municipal Bond Blend 1-15 Year	3.18	3.18	3.73	2.82	2.36
ICE BofA US High Yield	8.62	8.95	9.58	8.93	6.02
Currencies	2/17/23	12/30/22	9/30/22	6/30/22	3/31/22
Euro (\$/€)	1.07	1.07	0.98	1.05	1.11
Yen (¥/\$)	134.34	131.95	144.75	135.86	121.37
Pound (\$/£)	1.20	1.20	1.12	1.21	1.32
Commodities	2/17/23	12/30/22	9/30/22	6/30/22	3/31/22
Crude Oil (WTI)	76.55	80.26	79.49	105.76	100.28
Gold	1,850	1,826	1,672	1,807	1,954
Volatility	2/17/23	12/30/22	9/30/22	6/30/22	3/31/22
CBOE VIX	20.02	21.67	31.62	28.71	20.56

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
0.13	-0.20	-0.50	6.87	6.50	6.15	Large
1.07	1.06	1.05	11.49	9.89	8.34	Mid
1.54	1.39	1.24	13.36	10.98	8.80	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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