

**In focus**

After an excellent start to the year, which saw the S&P 500 up nearly 8% through February 3, equity markets have posted three consecutive losing weeks. Concerns that inflation may be reaccelerating sent stocks tumbling last week, as investors became increasingly worried that the Federal Reserve (Fed) will raise interest rates more than previously expected. The Fed's preferred inflation gauge, Core Personal Consumption Expenditures (PCE), reinforced these concerns by rising in January at the fastest pace since June.

Minutes from the February Federal Open Market Committee (FOMC) meeting showed that Fed officials discussed the need for "ongoing" rate hikes until there is more evidence of easing inflation. Last week's PCE release, coupled with stronger than expected economic and inflation data following the February meeting, led investors to recalibrate their expectations on the path of interest rates. Futures markets are now pricing in a 20% chance of a 0.50% rate increase at the March FOMC meeting, a stark contrast to the less than 1% probability that was implied a month ago. A persistently-strong labor market has also been a catalyst for this shift in expectations, as initial jobless claims have come in below 200k for five straight weeks.

This has investors bracing for the possibility of continued choppy waters in the coming weeks.

**A look back**

- International and U.S. stocks fell as the S&P 500 dropped over 2.6% in its worst week since early December. International developed markets led the U.S. for the third-straight week.
- Yields soared across the curve and the 2-/10-year inversion widened. The 2-year yield reached its highest level since 2007.
- January PCE brought another hotter-than-expected inflation print, and Fed officials continued to emphasize higher-for-longer rates to cool inflation.

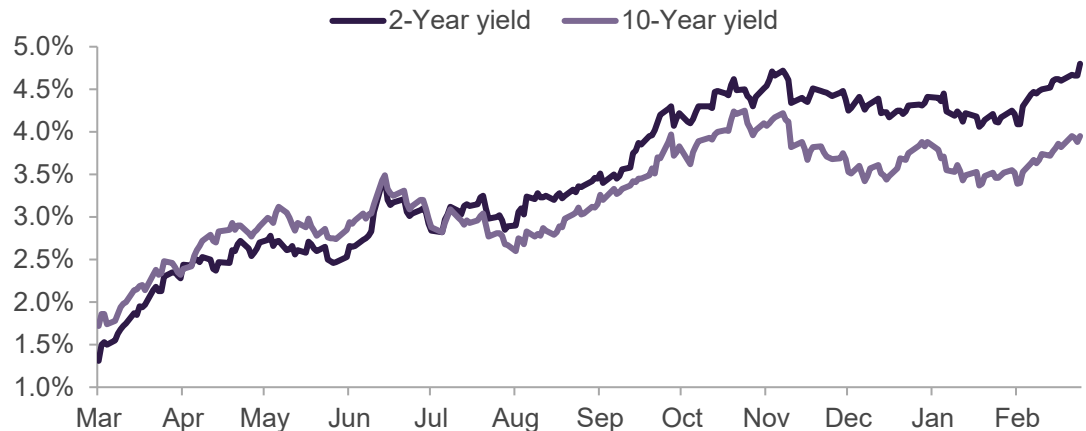
**A look ahead**

- Though earnings season is largely wrapped up, some major retailers are set to report fourth quarter results this week.
- Investors will get insight on housing prices and the strength of the U.S. manufacturing and services sectors with this week's data.
- Economic Releases: Pending Home Sales, Durable Goods Orders, FHFA Home Price Index, Conference Board Consumer Confidence, S&P Global U.S. & ISM Manufacturing & Services.

**Chart of the week – Rising Treasury yields**

Treasury securities have sold off in recent weeks in response to higher-than-expected inflation data. The 10-year yield approached 4% last week, reaching its highest level since mid-November. Meanwhile, the 2-year yield hit its highest point in over 15 years, further widening the inversion.

**U.S. Treasury yields**



Data Source: Truist IAG, FactSet.



**Wealth**

# Market Pulse

As of February 24, 2023

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-2.61	-3.04	3.91	3.91	-6.23
S&P 500	-2.66	-2.46	3.66	3.66	-5.84
MSCI EAFE (net)	-2.41	-2.98	4.88	4.88	-0.78
MSCI Emerging Markets (net)	-2.74	-5.73	1.72	1.72	-13.33
Dow Jones Industrials	-2.97	-3.51	-0.69	-0.69	0.88
Bloomberg Commodity Index	-0.83	-5.30	-5.76	-5.76	-5.88
Bloomberg Aggregate	-0.89	-2.82	0.16	0.16	-9.10
ICE BofA US High Yield	-0.15	-1.80	2.04	2.04	-4.91
Bloomberg Municipal Bond Blend 1-15 Year	-0.37	-1.90	0.30	0.30	-3.04
ICE BofA Global Government xUS (USD Unhedged)	-1.60	-4.56	-1.73	-1.73	-19.66
ICE BofA Global Government xUS (USD Hedged)	-0.27	-0.67	0.82	0.82	-8.55

Rates (%)	2/24/23	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	4.95	4.76	3.75	2.28	0.96
T-Bill, 3-Month	4.82	4.41	3.23	1.64	0.51
2-Year Treasury	4.77	4.41	4.20	2.93	2.28
5-Year Treasury	4.20	4.00	4.03	3.00	2.42
10-Year Treasury	3.94	3.87	3.79	2.97	2.32
30-Year Treasury	3.93	3.96	3.76	3.12	2.45
Bloomberg Aggregate (YTW)	4.83	4.68	4.75	3.72	2.92
Bloomberg Municipal Bond Blend 1-15 Year	3.29	3.18	3.73	2.82	2.36
ICE BofA US High Yield	8.69	8.95	9.58	8.93	6.02
Currencies	2/24/23	12/30/22	9/30/22	6/30/22	3/31/22
Euro (\$/€)	1.05	1.07	0.98	1.05	1.11
Yen (¥/\$)	136.39	131.95	144.75	135.86	121.37
Pound (\$/£)	1.19	1.20	1.12	1.21	1.32
Commodities	2/24/23	12/30/22	9/30/22	6/30/22	3/31/22
Crude Oil (WTI)	76.32	80.26	79.49	105.76	100.28
Gold	1,817	1,826	1,672	1,807	1,954
Volatility	2/24/23	12/30/22	9/30/22	6/30/22	3/31/22
CBOE VIX	21.67	21.67	31.62	28.71	20.56

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
-2.88	-2.66	-2.46	3.79	3.66	3.54	Large
-2.99	-2.44	-1.88	8.15	7.21	6.30	Mid
-3.10	-2.70	-2.31	9.84	7.98	6.28	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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