

In focus

Investors were uneasy last week following two of the three largest bank failures in U.S. history. Regulators and financial institutions worked to promote confidence in the banking industry, first with government agencies ensuring all deposits at the failed banks. Eleven banks then rescued First Republic Bank by depositing a combined \$30 billion in the struggling institution, and UBS reached a deal to acquire troubled rival Credit Suisse. Even with these measures, investors have renewed concerns about the effects of the past year's rate hikes.

Despite a cloudy economic picture, the S&P 500 rebounded to finish the week in the green, as a sharp drop in bond yields helped buoy equity markets and sectors like technology and communication services rose. Economic prints also calmed investors' nerves, with the Consumer Price Index (CPI) and Producer Price Index (PPI) showing that inflation continued to ease in February and retail sales data indicating a cooling economy. Federal Reserve (Fed) officials will welcome this data ahead of this week's policy meeting.

Banking turmoil and recent economic data have driven expectations for the path of interest rates lower in recent weeks, with markets now implying a roughly 60% chance of a 0.25% rate increase and a 40% chance the Fed pauses hikes this week; this is a stark contrast to the 70% probability of a 0.50% hike that markets implied on March 8.

A look back

- Global stocks were slightly negative last week, but the S&P 500 was a significant outperformer, up nearly 1.5%.
- Bonds rallied as yields plummeted. Less than two weeks after surpassing 5%, 2-year rates dropped roughly 75 basis points to 3.82%. The drop in yields was more pronounced at the short-end of the curve, easing the inversion.
- Inflation data was promising, as headline CPI was in line and PPI came in below expectations and pointed to moderating price pressures.

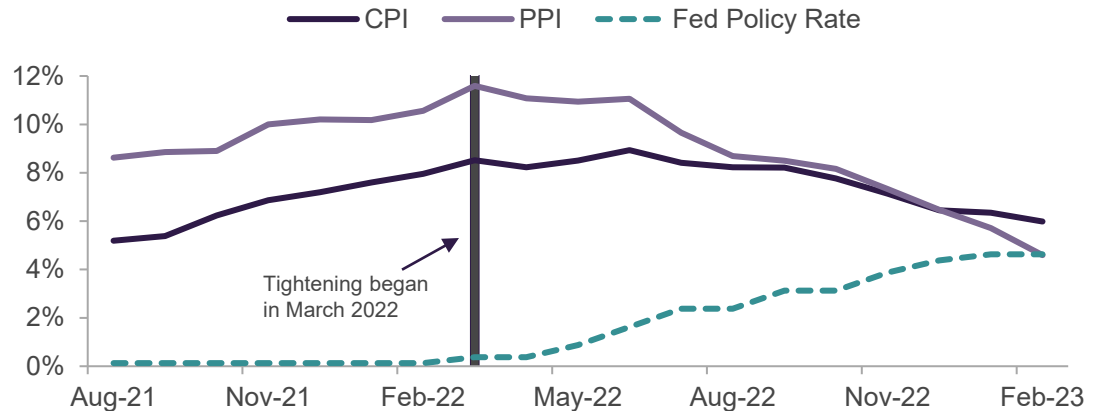
A look ahead

- The Federal Open Market Committee (FOMC) meets this week, and all eyes will be on both the Fed's policy rate decision and Chair Powell's speech on Wednesday.
- Investors will monitor any new developments related to the banking industry and watch for signs of potential contagion.
- Economic Releases: New & Existing Home Sales, FOMC policy decision, Durable Goods Orders, S&P Global U.S. Manufacturing and Services.

Chart of the week – Easing inflation as higher rates take effect

CPI rose 6.0% on a year-over-year basis in February, the lowest increase since September 2021. Likewise, PPI rose at its slowest pace since March 2021, edging up 4.6% year-over-year. As the Fed's tightening cycle recently hit its one-year mark, inflation remains well above the 2% goal.

Year-over-year inflation rates



Data Source: Truist IAG, FactSet



Wealth

Market Pulse

As of March 17, 2023

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-0.03	-1.93	2.09	2.09	-9.74
S&P 500	1.47	-1.23	2.41	2.41	-9.66
MSCI EAFE (net)	-3.13	-3.02	2.64	2.64	-4.98
MSCI Emerging Markets (net)	-0.28	-1.14	-0.25	-0.25	-12.59
Dow Jones Industrials	-0.11	-2.25	-3.35	-3.35	-5.58
Bloomberg Commodity Index	-1.64	-2.99	-8.01	-8.01	-14.82
Bloomberg Aggregate	1.43	2.48	2.90	2.90	-5.31
ICE BofA US High Yield	-0.40	-1.04	1.50	1.50	-5.08
Bloomberg Municipal Bond Blend 1-15 Year	0.76	1.33	1.66	1.66	-0.17
ICE BofA Global Government xUS (USD Unhedged)	2.49	4.10	2.70	2.70	-14.50
ICE BofA Global Government xUS (USD Hedged)	1.95	2.81	3.60	3.60	-5.23

Rates (%)	3/17/23	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	4.99	4.76	3.75	2.28	0.96
T-Bill, 3-Month	4.40	4.41	3.23	1.64	0.51
2-Year Treasury	3.82	4.41	4.20	2.93	2.28
5-Year Treasury	3.46	4.00	4.03	3.00	2.42
10-Year Treasury	3.38	3.87	3.79	2.97	2.32
30-Year Treasury	3.58	3.96	3.76	3.12	2.45
Bloomberg Aggregate (YTW)	4.36	4.68	4.75	3.72	2.92
Bloomberg Municipal Bond Blend 1-15 Year	2.98	3.18	3.73	2.82	2.36
ICE BofA US High Yield	8.96	8.95	9.58	8.93	6.02
Currencies	3/17/23	12/30/22	9/30/22	6/30/22	3/31/22
Euro (\$/€)	1.06	1.07	0.98	1.05	1.11
Yen (¥/\$)	132.03	131.95	144.75	135.86	121.37
Pound (\$/£)	1.21	1.20	1.12	1.21	1.32
Commodities	3/17/23	12/30/22	9/30/22	6/30/22	3/31/22
Crude Oil (WTI)	66.74	80.26	79.49	105.76	100.28
Gold	1,974	1,826	1,672	1,807	1,954
Volatility	3/17/23	12/30/22	9/30/22	6/30/22	3/31/22
CBOE VIX	25.51	21.67	31.62	28.71	20.56

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
0.05	1.47	2.76	0.24	2.41	4.41	Large
-4.02	-3.11	-2.24	-3.22	-1.95	-0.73	Mid
-4.15	-3.20	-2.30	-1.37	-1.70	-1.98	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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