

In focus

The tug-of-war between the bulls and bears continued again last week, leaving equity markets close to where they started. Corporate earnings gained momentum, yet there was no clear message that either the bulls or bears could rally behind enough to take a meaningful stand.

While markets have seemed to be a little hesitant to move one way or the other, big tech earnings have been on the horizon as a guidepost for the potential next leg. With several mega cap tech companies set to report this week, investors will learn if these year-to-date outperformers are deserving or not and if widespread cost cutting lay-offs have been enough to preserve margins. Also important for these tech giants will be updates on artificial intelligence, which has been a central theme this year and appears positioned to be a major disruption.

In tandem with several important earnings reports, economic data will play a critical role this week as well. After mixed data last week, investors will look for further clarity on economic activity. Top of mind is housing activity, first quarter Gross Domestic Product (GDP), and Personal Consumption Expenditures (PCE) – the Federal Reserve’s (Fed) preferred inflation gauge. With the Fed’s May Federal Open Market Committee Meeting only a week away, both economic updates and corporate earnings will factor into their upcoming rate decision.

A look back

- Global stocks were mixed last week. International developed markets outperformed, ending the week modestly higher. U.S. stocks finished slightly lower, while emerging markets equities were the laggards on the week.
- Treasury yields rose modestly, leaving the 2-/10-year yield spread mostly unchanged.
- Economic data varied with mixed manufacturing signals that many felt skewed in favor of another 0.25% Fed rate increase.

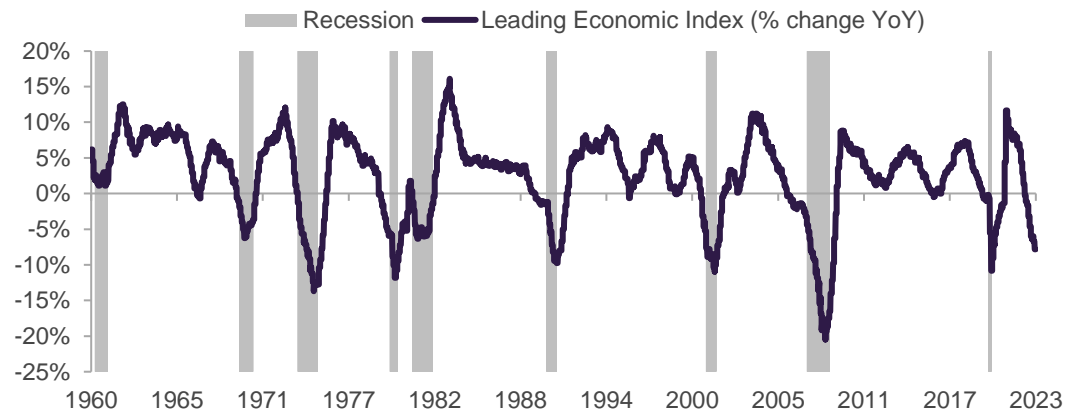
A look ahead

- This week, earnings season kicks into high gear with a focus on mega cap tech and communication services companies.
- Combined with big tech earnings, the slew of economic data this week could tip the scales in the tug-of-war between bulls and bears which so far has kept markets range bound.
- Economic releases: Consumer Confidence, Durable Goods Orders, GDP, New Home Sales, PCE, Wholesale Inventories, Univ. of Michigan Sentiment.

Chart of the week – Leading Economic Index down the last 12 months

The Leading Economic Index (LEI) is a composite of ten leading economic indicators which are used to indicate the health of the U.S. economy. The LEI has trended down for 12 consecutive months, reaching a -7.8% year-over-year decline. Historically, negative readings of this magnitude have preceded a recession.

Leading Economic Index since 1960



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



Market Pulse

As of April 21, 2023

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-0.29	0.99	0.99	8.37	-3.47
S&P 500	-0.09	0.67	0.67	8.21	-4.27
MSCI EAFE (net)	0.05	2.72	2.72	11.41	3.70
MSCI Emerging Markets (net)	-1.95	-0.86	-0.86	3.06	-7.13
Dow Jones Industrials	-0.19	1.70	1.70	2.65	-0.70
Bloomberg Commodity Index	-1.99	0.35	0.35	-5.03	-16.76
Bloomberg Aggregate	-0.23	-0.22	-0.22	2.73	-1.45
ICE BofA US High Yield	-0.30	0.45	0.45	4.18	-0.94
Bloomberg Municipal Bond Blend 1-15 Year	-1.12	-0.31	-0.31	1.96	3.21
ICE BofA Global Government xUS (USD Unhedged)	-0.82	-0.93	-0.93	1.99	-8.92
ICE BofA Global Government xUS (USD Hedged)	-0.24	-0.77	-0.77	2.40	-3.89

Rates (%)	4/21/23	3/31/23	12/30/22	9/30/22	6/30/22
Fed Funds Target	5.00	5.00	4.50	3.25	1.75
Libor, 3-Month	5.25	5.19	4.76	3.75	2.28
T-Bill, 3-Month	5.08	4.75	4.41	3.23	1.64
2-Year Treasury	4.16	4.06	4.41	4.20	2.93
5-Year Treasury	3.66	3.60	4.00	4.03	3.00
10-Year Treasury	3.56	3.49	3.87	3.79	2.97
30-Year Treasury	3.77	3.68	3.96	3.76	3.12
Bloomberg Aggregate (YTW)	4.47	4.40	4.68	4.75	3.72
Bloomberg Municipal Bond Blend 1-15 Year	3.02	2.87	3.18	3.73	2.82
ICE BofA US High Yield	8.46	8.50	8.95	9.58	8.93
Currencies	4/21/23	3/31/23	12/30/22	9/30/22	6/30/22
Euro (\$/€)	1.10	1.09	1.07	0.98	1.05
Yen (¥/\$)	134.44	133.09	131.95	144.75	135.86
Pound (\$/£)	1.24	1.24	1.20	1.12	1.21
Commodities	4/21/23	3/31/23	12/30/22	9/30/22	6/30/22
Crude Oil (WTI)	77.87	75.67	80.26	79.49	105.76
Gold	1,991	1,986	1,826	1,672	1,807
Volatility	4/21/23	3/31/23	12/30/22	9/30/22	6/30/22
CBOE VIX	16.77	18.70	21.67	31.62	28.71

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
0.36	-0.09	-0.47	6.02	8.21	10.23	Large
0.45	0.38	0.32	1.43	3.31	5.12	Mid
-0.22	-0.30	-0.38	1.13	0.73	0.38	Small

Data Source: Truist, FactSet



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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.

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