

In focus

Markets were poised for volatility last week as the Federal Reserve (Fed) met, but the surprises came from other important events. The bond and stock markets only had minimal moves after the Fed decided to raise their benchmark rate by another 0.25% last week. The rate hike and the Fed's forward guidance of now being data dependent was widely expected. It is very likely that we just saw the Fed's last rate hike of this cycle, although the bar for cutting rates remains high as well.

Equity markets were whipsawed with worries about the banking sector sparking some selling to start the week. After Apple reported better than expected earnings and the jobs report on Friday showed higher wage gains, the S&P 500 recovered much of the week's losses. The market remains near its near-term peak despite all the negative headlines as the top-heavy mega-cap companies continue to play an outsized role in performance for the overall index.

U.S. Treasury yields saw some volatility with all the headlines as well but largely remained in their near-term trading ranges. The debt ceiling continues to create distortions in the very front end of the curve and the 10-year yield has stayed at or below 3.60%, which has pushed the 3-month/10-year yield curve to its lowest point this cycle, below -1.80%. At the same time, the 2-/10-year yield curve has re-steepened some from its deep inversion, which typically happens closer to the onset of a recession.

A look back

- U.S. equities lagged last week, with the S&P 500 down -0.8%, while international markets were positive on the week.
- Treasury yields were volatile with parts of the yield curve down and parts up on the week. The 3-month/10-year inversion deepened and is now below -1.80%.
- The jobs report showed more jobs were added in April than most had expected. At the same time, the unemployment rate dropped to this cycle's low again at 3.4%.

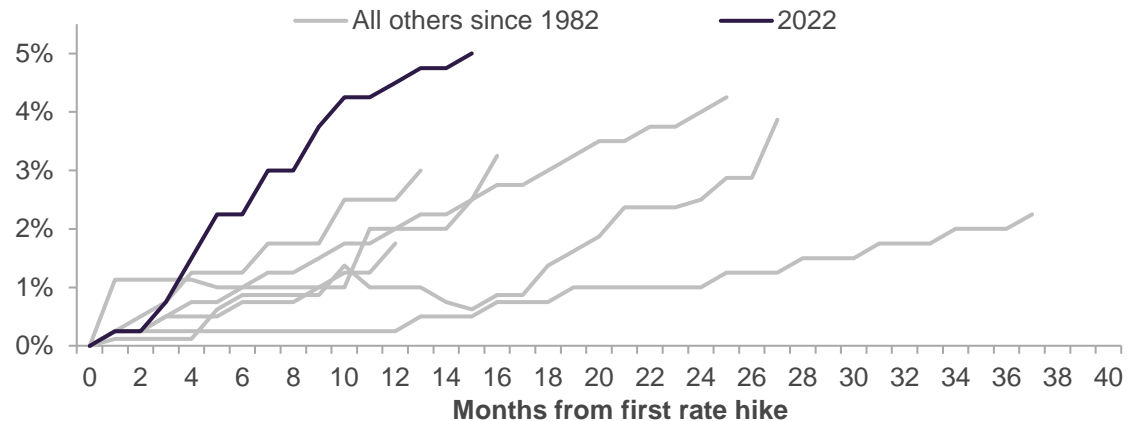
A look ahead

- Inflation remains in focus as April's consumer and producer price reports this week will show how much progress has been made after 5% of Fed rate hikes in the past year.
- There will be nine Fed speakers this week after last week's FOMC meeting and hike. They will try to frame their outlook now that the market thinks they are going to be pausing.
- Economic releases: Consumer & Producer Prices, NFIB Small Business Optimism, Import & Export Prices, U. of Michigan Sentiment.

Chart of the week – Fed funds rate hiked by 5%

The Fed hiked rates last week, pushing the Fed funds rate up by 5% in a little over a year. This hiking cycle has been the fastest with the most increases since 1982, and the ramifications of this tightening campaign may still be unfolding.

The Fed's tightening cycles



Data source: Truist IAG, FactSet



Market Pulse

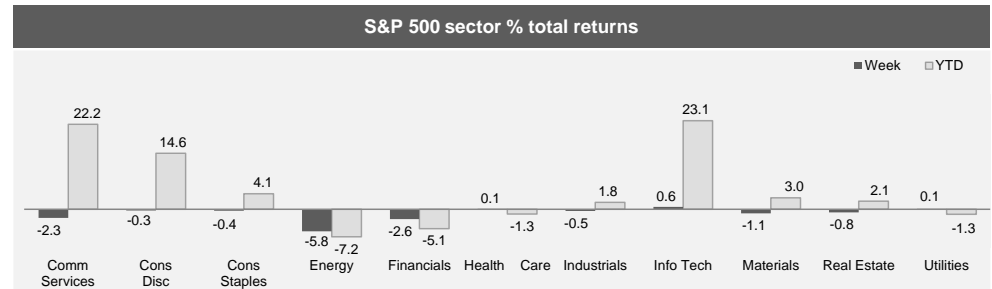
As of May 05, 2023

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-0.35	-0.35	1.09	8.47	2.22
S&P 500	-0.78	-0.78	0.77	8.33	1.48
MSCI EAFE (net)	0.16	0.16	2.99	11.70	10.62
MSCI Emerging Markets (net)	0.51	0.51	-0.63	3.31	-4.49
Dow Jones Industrials	-1.23	-1.23	1.31	2.25	4.24
Bloomberg Commodity Index	-1.20	-1.20	-1.94	-7.20	-19.36
Bloomberg Aggregate	-0.05	-0.05	0.55	3.53	0.23
ICE BofA US High Yield	-0.43	-0.43	0.53	4.27	1.17
Bloomberg Municipal Bond Blend 1-15 Year	0.28	0.28	0.01	2.28	4.14
ICE BofA Global Government xUS (USD Unhedged)	0.23	0.23	0.06	3.00	-4.97
ICE BofA Global Government xUS (USD Hedged)	-0.10	-0.10	0.11	3.30	-2.47

Rates (%)	5/05/23	3/31/23	12/30/22	9/30/22	6/30/22
Fed Funds Target	5.25	5.00	4.50	3.25	1.75
Libor, 3-Month	5.32	5.19	4.76	3.75	2.28
T-Bill, 3-Month	5.23	4.75	4.41	3.23	1.64
2-Year Treasury	3.91	4.06	4.41	4.20	2.93
5-Year Treasury	3.41	3.60	4.00	4.03	3.00
10-Year Treasury	3.44	3.49	3.87	3.79	2.97
30-Year Treasury	3.76	3.68	3.96	3.76	3.12
Bloomberg Aggregate (YTW)	4.31	4.40	4.68	4.75	3.72
Bloomberg Municipal Bond Blend 1-15 Year	2.99	2.87	3.18	3.73	2.82
ICE BofA US High Yield	8.55	8.50	8.95	9.58	8.93
Currencies	5/05/23	3/31/23	12/30/22	9/30/22	6/30/22
Euro (\$/€)	1.10	1.09	1.07	0.98	1.05
Yen (¥/\$)	134.90	133.09	131.95	144.75	135.86
Pound (\$/£)	1.26	1.24	1.20	1.12	1.21
Commodities	5/05/23	3/31/23	12/30/22	9/30/22	6/30/22
Crude Oil (WTI)	71.34	75.67	80.26	79.49	105.76
Gold	2,025	1,986	1,826	1,672	1,807
Volatility	5/05/23	3/31/23	12/30/22	9/30/22	6/30/22
CBOE VIX	17.19	18.70	21.67	31.62	28.71

U.S. Style % Total Returns S&P Indexes)					
Week			YTD		
Value	Core	Growth	Value	Core	Growth
-1.44	-0.78	-0.20	5.44	8.33	10.98
-1.54	-1.16	-0.79	-0.15	1.80	3.67
-1.64	-0.77	0.09	-1.09	-1.05	-0.98

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.

© 2023 Truist Financial Corporation. Truist, the Truist logo and Truist purple are service marks of Truist Financial Corporation. CN2023 5673107.1EXP05-2024



Wealth