

Friday Forethought

For week ending March 24th 2023

Are We Peeking or Peaking?

Stocks began the week with an upward trajectory, as banking crisis fears seemed to ease a bit. As the week progressed, investors became more concerned that the regional bank crisis may have an increasingly detrimental effect on the Fed's actions over the past year. On Wednesday, the Fed announced a 25 basis point (0.25%) increase that accompanied an inference that we could be at the peak. Trading was volatile all week, but finished higher as investors continued to positively assess the Federal Reserve's monetary policy decision, and the latest developments in the banking sector. Fed Chair Powell noted that the path down to 2% inflation target will get quite bumpy, but he was more dovish in his delivery, saying "some policy firming may be appropriate." Yesterday, Treasury Secretary, Janet Yellen indicated the U.S. government is prepared to take additional action to shore up the financial system if needed to help the regional banks. As such, all market indices moved up accordingly.

Jobs data is still strong as initial jobless claims came in unexpectedly lower, suggesting that the labor market remains tight, despite the Fed's monetary policy. However, as we have stated previously, the impact of this policy has yet to be felt by our economy – so it we will be in a 'waiting period' for some time. Meanwhile, new home sales climbed slightly month-over-month and Treasuries were mixed.

Our Take



With the latest Fed actions and accompanying rhetoric, and we may be getting a peek into where near-term investment opportunities lie. It is possible Fed rates are peaking and as such, fixed income returns are likely to come down accordingly. If you are holding cash, now could be a good time to lock in current rates/returns. Equities will continue to be volatile as a whole, but there will be proportional value opportunities. We recommend portfolio evaluation with regard to meeting current and future expenses, i.e. see if reallocating to more fixed income will enable you to maintain your financial objectives, while reducing your risk.

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Leading Trends

S&P 500 Information Technology Sector and The S&P 500 Communication Service Sector are the leading sectors year-to-date: up 15.27% and up 15.10% respectively.

Lagging Trends

The S&P 500 Energy Sector and The S&P 500 Financial Sector are the lagging sectors year-to-date: down 11.69% and down 6.90% respectively.

Weekly Markets

↓	S&P 500	3,948.72	-0.29%
↑	NASDAQ	11,787.40	+0.60%
↓	DJIA ¹	32,105.25	-0.44%

¹Dow Jones Industrial Average

↓	10-YR US Treasury	3.422%	-16.18 bps
↑	GOLD	1,996.10	+3.76%
↑	OIL	69.47	+1.79%

Market close 3-16-2023 to market close 3-23-2023

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