

# Friday Forethought

For week ending April 7<sup>th</sup> 2023

## Are Jobs Finally Showing Weakness, and What Does that Mean?

The week opened on news that OPEC will be cutting oil production – sending the energy sector up substantially. March's production numbers came out closely in line with expectations, however the Prices Paid Index remains contradictory i.e. people are still willing to pay more, for now. The market sentiment has been on the positive side most of this week - the Dow has had a slight rally five of the last six days, and some investors are gaining hope that the Federal Reserve is about to wrap up its tightening campaign. The caveat now is that many investors are wondering if the central bank has gone too far in its efforts to cool inflation, thus tightening the economy to the point of recession. Some experts fear that the Fed built a wall with interest rates and now the economy may be running into it.

The big news, keeping the market volatile, is the latest weekly jobless claims coming in higher than expected - adding to recent signals that pointed to slowing job growth. The expansion in private payrolls was well below expectations in March... as fewer people are quitting their jobs. The extended hot labor market appears to be cooling off a bit, but looking at the big picture, it may still have more heat than the Fed would like it. And so continues the Fed's balancing act.

### Our Take



The below may look familiar, because it is. We are sticking with what we said last week.

One word – THINK! We feel it's going to be bumpy for several more months, and there will be times that equities will look like significant values with high potential upsides. As such, there will be temptations to 'buy low.' Yes, there will be some strong value opportunities, but as we have been saying, now would not be the time to go 'all-in' risk on. For those with cash on the sidelines, there are some attractive fixed income opportunities that could be an option for riding out the rest of the storm. If you have any questions or would a free check-up of your portfolio, we would be happy to talk with you. Call us any time.

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#### Leading Trends

The S&P 500 Information Technology Sector and S&P 500 Communication Services Sector are the leading sectors year-to-date: up 20.17% and up 22.91% respectively.

#### Lagging Trends

The S&P 500 Financials Sector and The S&P 500 Health Care Sector are the lagging sectors year-to-date: down 6.75% and down 4.20% respectively.

#### Weekly Markets

↑	S&P 500	4,105.02	+1.34%
↑	NASDAQ	12,087.96	+0.62%
↑	DJIA <sup>1</sup>	33,485.29	+1.91%

<sup>1</sup>Dow Jones Industrial Average

↓	10-YR US Treasury	3.301%	-25.21 bps
↑	GOLD	2,022.30	+1.22%
↑	OIL	80.54	+8.30%

Market close 3-30-2023 to market close 4-6-2023

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