

Weekly Market Update



Market Data as of Week Ending: 5/6/2022 unless noted otherwise

U.S. stock prices generally declined for the fifth consecutive week as persistently high inflation and monetary policy remain front of mind for many investors. 87% of the companies in the S&P 500 have reported first quarter earnings, with 79% having reported a positive earnings surprise. Value oriented stocks outperformed their growth counterparts and large companies generally fared better than their smaller company peers. Performance dispersion was high among sectors as energy prices soared. Energy prices gained 10% for the week and were followed by small gains in the utilities, communication services, and financials sectors. Rising rates have started to pressure real estate since they rely heavily on debt financing. Real estate was the worst performing sector followed by consumer discretionary and consumer staples. Developed foreign markets posted a negative weekly return and lagged the U.S., while the decline in emerging markets was even more severe and finished the week down more than 4%.

U.S. Treasury yields jumped nearly 0.20% as the Fed announced a widely anticipated 0.50% hike in policy rates. The 10-year treasury ended the week at 3.13%, its highest level since 2018. The front end of the curve was much more stable as the 2-year treasury remained nearly flat and ended the week at 2.74%. Higher quality government bonds outperformed for the week while credit sensitive bonds lagged. Yields increased for both investment grade corporate bonds and high yield corporate bonds as they finished the week at nearly 4.5% and 7.3%, respectively.

Economic data was largely overshadowed by the Fed's policy meeting where all eyes were focused on plans to reduce the size of the balance sheet. The Fed announced that starting in June, they will reduce treasury and agency mortgage-backed securities with an aggregate value \$47.5 billion, increasing the pace up to \$95 billion over the following three months. Employers in the U.S. added 428,000 jobs, which was in line with consensus estimates, and the unemployment rate remained unchanged at 3.6%. In Europe, the Bank of England raised its key interest rate 0.25% to 1.0%, the highest level since 2009 as they continue to face many of the same inflation and supply issues in the U.S. China reported their steepest decline on record in services PMI data for April. Composite PMI in China was already well below 50 and dropped further to 37.20.

U.S. Equity Returns (Size & Style - Russell)

| | Week | | | MTD | | | QTD | | | YTD | | |
|-------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|
| | Value | Core | Growth | Value | Core | Growth | Value | Core | Growth | Value | Core | Growth |
| Large | 0.65% | -0.47% | -1.63% | 0.65% | -0.47% | -1.63% | -5.03% | -9.34% | -13.51% | -5.73% | -13.99% | -21.33% |
| Mid | 0.24% | -1.01% | -3.70% | 0.24% | -1.01% | -3.70% | -5.72% | -8.64% | -14.54% | -7.43% | -13.83% | -25.29% |
| Small | -0.11% | -1.29% | -2.66% | -0.11% | -1.29% | -2.66% | -7.86% | -11.08% | -14.60% | -10.07% | -17.77% | -25.39% |

U.S. Fixed Income Returns (Quality & Duration - Bloomberg Barclays)

| | Week | | | MTD | | | QTD | | | YTD | | |
|------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|---------|
| | Short | Interm | Long | Short | Interm | Long | Short | Interm | Long | Short | Interm | Long |
| Govt | -0.12% | -0.42% | -4.35% | -0.12% | -0.42% | -4.35% | -0.96% | -2.00% | -12.82% | -4.29% | -6.11% | -22.04% |
| Corp | -0.12% | -0.51% | -2.78% | -0.12% | -0.51% | -2.78% | -1.52% | -3.38% | -12.27% | -5.20% | -8.46% | -22.28% |
| HY | -0.76% | -1.14% | -2.24% | -0.76% | -1.14% | -2.24% | -2.67% | -4.50% | -9.12% | -5.27% | -8.72% | -18.79% |

Index Returns

| | Week | MTD | QTD | YTD |
|-------------------------|--------|--------|---------|---------|
| Equities (Stocks) | | | | |
| S&P 500 | -0.18% | -0.18% | -8.88% | -13.07% |
| S&P MidCap 400 | -0.76% | -0.76% | -7.81% | -12.31% |
| Russell 2000 | -1.29% | -1.29% | -11.08% | -17.77% |
| MSCI EAFE | -2.83% | -2.83% | -9.12% | -14.49% |
| MSCI Emerging Markets | -4.12% | -4.12% | -9.46% | -15.77% |
| MSCI EAFE Small Cap | -3.67% | -3.67% | -10.28% | -17.94% |
| Fixed Income (Bonds) | | | | |
| Barclays Int Gov/Credit | -0.45% | -0.45% | -2.44% | -6.84% |
| Barclays US Agg | -1.11% | -1.11% | -4.87% | -10.51% |
| Barclays US High Yield | -1.19% | -1.19% | -4.70% | -9.31% |
| Other | | | | |
| Bloomberg Commodity | 0.68% | 0.68% | 4.85% | 31.64% |
| S&P Dev Property | -4.37% | -4.37% | -9.42% | -12.91% |

S&P 500 Sector Returns

| | Week | MTD | QTD | YTD |
|--------------------|--------|--------|---------|---------|
| Consumer Disc | -3.37% | -3.37% | -15.93% | -23.52% |
| Consumer Staples | -1.30% | -1.30% | 1.23% | 0.21% |
| Energy | 10.17% | 10.17% | 8.47% | 50.81% |
| Financials | 0.61% | 0.61% | -9.32% | -10.67% |
| Health Care | -0.45% | -0.45% | -5.14% | -7.58% |
| Industrials | 0.36% | 0.36% | -7.19% | -9.38% |
| Info Technology | -0.60% | -0.60% | -11.82% | -19.19% |
| Materials | -0.56% | -0.56% | -4.03% | -6.30% |
| Real Estate | -3.80% | -3.80% | -7.06% | -12.54% |
| Communication Svcs | 1.06% | 1.06% | -14.72% | -24.89% |
| Utilities | 1.30% | 1.30% | -3.01% | 1.62% |

Bond Yields

| | 5/6/22 | 4/30/22 | 3/31/22 | 12/31/21 |
|---------------|--------|---------|---------|----------|
| 3Mo Libor | 1.40% | 1.33% | 0.96% | 0.21% |
| SOFR 3Mo Swap | 1.19% | 1.14% | 0.67% | 0.09% |
| 2Yr Treasury | 2.74% | 2.72% | 2.34% | 0.73% |
| 10Yr Treasury | 3.13% | 2.94% | 2.34% | 1.51% |
| 2-10 Slope | 0.40% | 0.22% | 0.00% | 0.78% |

Commodities and Currency

| | 5/6/22 | 4/30/22 | 3/31/22 | 12/31/21 |
|-----------------|---------|---------|---------|----------|
| Oil (\$/barrel) | 109.77 | 104.69 | 100.28 | 76.99 |
| Gold (\$/oz.) | 1883.81 | 1896.93 | 1937.44 | 1829.2 |

Past performance is not a guarantee of future results. We believe the information presented is reliable, but we do not guarantee its accuracy.