

### Equities

Stocks saw their first down week of 2023, though did close the week with an impressive rally Fri afternoon. The rally in high-beta cyclicals that had powered the market higher to start the year stalled, with industrials the largest laggard. The mega-cap tech stocks recovered as rates declined, but Google became the latest to announce significant layoffs. Stocks in Europe again outperformed, roughly flat on the week and led by banks, which have gained more than 30% since mid-October. The coming week will be a significant one for earnings as industrial bellwethers and large tech companies begin to report results.

### Fixed income

Bonds capped off another strong week with the Agg gaining 0.15%. The high yield bond index had its first negative week in 2023 but is still off to its strongest start to a year since 2019, up 3.52% YTD. Treasury yields ended the week relatively unchanged while several near-term yield spreads remain deeply negative, adding to recession fears. The 2-year/3-month spread is now at -50bps, matching levels seen in 2018 and during the Global Financial Crisis.

### Commodities

Crude oil prices were up slightly last week as the supply/demand dynamic in the U.S. weakened but activity continues to improve in Asia and Europe. Sluggish retail sales pointed to a slowing U.S. consumer, while U.S. production rose to a post-COVID high of 12.2mmbpd. Crude inventories climbed for a fourth straight week, bringing stockpiles in line with 5-year averages. Copper rose for a fifth consecutive week on positive China sentiment.

### Economic overview

Weak spending and falling CPI were last week's dominant themes. Retail sales finished 2022 with a whimper in Dec with falling -1.1% m/m. Details showed a -0.5% decline in the "control" series which ties with GDP, causing a subsequent downgrade in Q4 GDP growth forecasts. Discounted goods prices were a heavy contributor to this slowdown, and falling inflation was reinforced by a -0.5% m/m decline in producer prices, lower than the -0.1% expected. Industrial production was also weaker than expected, with a -0.7% m/m decline in Dec, and regional manufacturing surveys from New York and Philadelphia both point to further weakness in January.

Equities (price index)		MTD	QTD	YTD	2022
S&P 500	3,972.61	3.47%	3.47%	3.47%	-19.44%
DJIA	33,375.49	0.69%	0.69%	0.69%	-8.78%
NASDAQ	11,140.43	6.44%	6.44%	6.44%	-33.10%
Russell 2000	1,867.34	6.02%	6.02%	6.02%	-21.56%
MSCI World	2,725.40	4.71%	4.71%	4.71%	-19.46%
MSCI Europe	1,871.70	8.09%	8.09%	8.09%	-17.28%
MSCI EAFE	2,080.41	7.02%	7.02%	7.02%	-16.79%
MSCI Asia	166.98	7.22%	7.22%	7.22%	-19.36%
MSCI EM	1,036.24	8.35%	8.35%	8.35%	-22.37%
VIX	19.85	-1.82	-1.82	-1.82	4.45

### Fixed income (total return index)

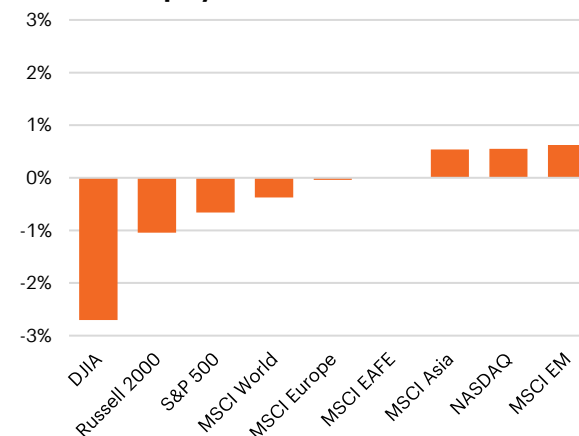
Barclays U.S. Agg	2,107.98	2.89%	2.89%	2.89%	-13.01%
Inv. grade bonds	3,072.80	3.52%	3.52%	3.52%	-15.76%
High yield bonds	2,262.87	3.52%	3.52%	3.52%	-11.19%
Leveraged Loans	3,367.03	2.17%	2.17%	2.17%	-0.60%

### Alternatives (total return index)

FTSE NAREIT	22,781.01	6.04%	6.04%	6.04%	-24.95%
REIT Index					
GS Commodity Index	616.16	1.00%	1.00%	1.00%	8.71%
Alerian MLP Index	1,568.01	5.19%	5.19%	5.19%	30.92%
HFRI Global*	1,384.05	1.19%	1.19%	1.19%	-4.41%

\*1-day lag

### Last week's equity returns



### Commodities

		MTD	QTD	YTD	2022
WTI Crude	\$81.31	1.31%	1.31%	1.31%	6.71%
Brent Crude	\$87.63	2.00%	2.00%	2.00%	10.45%
Natural Gas	\$3.17	-29.07%	-29.07%	-29.07%	19.97%
Gold	\$1,928	5.59%	5.59%	5.59%	-0.13%

### Currency

Dollar Index (DXY)	102.01	-1.46%	-1.46%	-1.46%	8.21%
USDCNY	6.78	-1.65%	-1.65%	-1.65%	8.54%
Bitcoin	22,318	34.94%	34.94%	34.94%	-64.30%

### Spreads

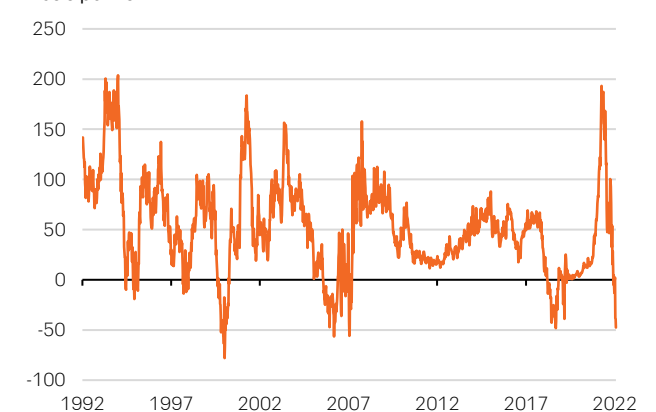
Inv. grade bonds	123 bps	-7 bps	-7 bps	-7 bps	38 bps
High yield bonds	424 bps	-45 bps	-45 bps	-45 bps	186 bps
Leveraged loans	549 bps	-14 bps	-20 bps	138 bps	-32 bps
Emerging markets	325 bps	-14 bps	-14 bps	-14 bps	42 bps

### Interest rates

Fed Funds Target	4.375%	4.375%	4.375%	4.375%	0.125%
SOFR	4.31%	1 bps	1 bps	1 bps	425 bps
3-month LIBOR*	4.82%	5 bps	5 bps	5 bps	456 bps
2-year Treasury	4.17%	-26 bps	-26 bps	-26 bps	369 bps
10-year Treasury	3.48%	-40 bps	-40 bps	-40 bps	236 bps
30-year Treasury	3.65%	-31 bps	-31 bps	-31 bps	206 bps
Barclays U.S. Agg	4.29%	-40 bps	-40 bps	-40 bps	293 bps
Inv. grade bonds	5.00%	-42 bps	-42 bps	-42 bps	309 bps
High yield bonds	8.19%	-77 bps	-77 bps	-77 bps	475 bps

### 2-year/3-month Treasury yield spread

Basis points



Source: Bloomberg Finance, L.P., as of 11:00am on January 20, 2023.

## Equities

**S&P 500:** Leading single benchmark of large-cap U.S. equities, representing approximately 500 of the largest U.S. companies. **Dow Jones Industrial Average:** Price-weighted measure of 30 U.S. blue-chip companies. **NASDAQ:** Stock market index of stocks listed on the NASDAQ. Index is heavily weighted toward technology companies. **Russell 2000:** Index measuring performance of approximately 2,000 small-cap U.S. equities. **MSCI World Index:** Broad global equity benchmark including both developed and emerging markets. **MSCI Europe Index:** Equity benchmark that measures the performance of large and mid-cap equities across 15 developed countries in Europe. **MSCI EAFE Index:** Equity benchmark that represents the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East. **MSCI Asia Index:** Equity benchmark that captures large and mid-cap representation across developed market countries and emerging market countries in Asia. **MSCI Emerging Markets Index:** Equity benchmark representing 24 developing or emerging market countries, representing 10% of world market cap. For more info on these MSCI indices, visit MSCI.com. **CBOE Volatility Index (VIX):** Key measure of market expectations of near-term volatility conveyed by S&P 500 stock option price.

## Credit

**Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment-grade, fixed-rate bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market.

## Alternatives

**FTSE NAREIT All Equity REITs Index:** Free-float adjusted market cap-weighted index that includes all tax-qualified REITs listed in the NYSE, AMEX, and NASDAQ. **S&P GSCI:** First major investable commodity index. It is one of the most widely recognized benchmarks that is broad-based and production-weighted to represent the global commodity market beta. **Alerian MLP Index:** Leading gauge of energy MLPs, representing about 85% of total industry market cap. **HFRX Global Hedge Fund Index:** Index designed to be representative of the overall composition of the hedge fund universe, comprised of all eligible hedge fund strategies.

## Commodities

**Generic 1st Crude Oil (WTI Crude):** Front-month West Texas Intermediate Crude Oil futures. **Generic 1st Brent Crude Oil (Brent Crude):** Front-month Brent Crude futures. **Generic 1st Natural Gas:** Front-month natural gas futures. **Generic 1st Gold, 100 oz:** Front-month gold (100 oz) futures.

## Currency

**Dollar Spot Index:** Indicates the general international value of the USD by averaging the exchange rates between the USD and major world currencies. **USDCNY:** price of 1 USD in CNY (the Chinese renminbi, or yuan). **Bitcoin:** price of 1 Bitcoin in USD.

## Spreads

**Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **Bloomberg S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market. **Barclays EM USD Aggregate Index:** Flagship hard currency emerging market debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign and corporate EM issuers.

## Interest rates

**Fed funds target:** Target rate for the federal funds policy rate, set by the Federal Reserve each meeting. This rate is an “overnight rate,” i.e., it is the rate charged by depository institutions (banks) to each other for overnight loans. **SOFR:** Secured Overnight Financing Rate (SOFR) measures the cost of borrowing cash overnight collateralized by Treasuries. **ICE 3-Month London Interbank Offered Rate (LIBOR):** Average interest rate at which leading banks borrow funds of a sizable amount from other banks in the London market. LIBOR is the most widely used “benchmark” or reference rate for short-term interest rates. **Treasury rates:** Market yields for U.S. Treasury securities with maturities of 2, 10 and 30 years. **Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market.

**Sources:** Bureau of Labor Statistics (BLS), Department of Labor, Bureau of Economic Analysis (BEA), International Monetary Fund (IMF), OECD, Federal Reserve, Institute for Supply Management (ISM), Mortgage Bankers Association (MBA), U.S. Census Bureau, Standard & Poor's, Bank of America Merrill Lynch, Bloomberg, Macrobond.

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