



Equities

U.S. stocks fell last week, first as interest rates pushed higher and then as the collapse of Silicon Valley Bank spooked markets. The bank, which focuses on lending to emerging tech firms and had grown to be the 18th largest in the U.S. by total assets, fell -63% before being put into receivership by California regulators. The S&P 500 Financials sector tumbled -8.50% as fears of contagion spread – First Republic Bank, another California regional bank, fell -34%. Growth outperformed Value as interest rates cratered to end the week. Stocks in Europe outperformed, but were not immune to the late-week plunge and ended down -1.38%.

Fixed income

After a week of grinding higher, Treasury yields plummeted on Friday driven by news of the Silicon Valley Bank failure. Before Friday's dramatic 20 bps drop in the 10-year Treasury yield, most of the week saw bond yields test higher in reaction to Fed Chair Powell's comments. In Congressional testimony he opened the door to a larger rate hike on March 22 (25bps had been expected) and reiterated the economy had strong momentum in Q1 and inflation – though down from its peak – was still far above the 2% target. The peak Fed funds rate for this cycle hit as high as 5.69% on Wednesday but ended Friday at 5.29%.

Commodities

WTI crude prices declined after hitting the top of their multi-month range, finishing at \$76.68/bbl. A tug of war between surging demand in Asia and economic concerns in the U.S. continue to gyrate oil prices week-to-week. Gold prices rose 3% over the final days of the week as the collapse of SVB spooked markets, the largest two-day gain in four months. Bitcoin fell below \$20k for the first time since January.

Economic overview

Another strong jobs report was lost in the SVB news on Friday, but reinforces the momentum of the U.S. economy. 311,000 jobs were added (Cons 225), with broad-based hiring that was up in virtually every major category (manufacturing lost -4K jobs for the first time in almost 2 years). The unemployment rate did retrace to 3.6% (3.571%) from 3.4% last month, and average hourly earnings rose 0.2% m/m, the smallest monthly gain in a year. Finally, the participation rate rose to 62.5%, the highest since the pandemic, but still below pre-pandemic norms.

Equities (price index)

		MTD	QTD	YTD	2022
S&P 500	3,861.59	-2.73%	0.58%	0.58%	-19.44%
DJIA	31,909.64	-2.29%	-3.73%	-3.73%	-8.78%
NASDAQ	11,138.89	-2.76%	6.42%	6.42%	-33.10%
Russell 2000	1,772.70	-6.55%	0.65%	0.65%	-21.56%
MSCI World	2,657.41	-2.11%	2.10%	2.10%	-19.46%
MSCI Europe	1,852.68	-0.73%	6.99%	6.99%	-17.28%
MSCI EAFE	2,052.22	-0.07%	5.57%	5.57%	-16.79%
MSCI Asia	157.92	-0.04%	1.40%	1.40%	-19.36%
MSCI EM	955.28	-0.91%	-0.12%	-0.12%	-22.37%
VIX	24.80	4.10	3.13	3.13	4.45

Fixed income (total return index)

Barclays U.S. Agg	2,078.53	1.04%	1.45%	1.45%	-13.01%
Inv. grade bonds	3,018.32	0.98%	1.69%	1.69%	-15.76%
High yield bonds	2,226.85	-0.59%	1.87%	1.87%	-11.19%
Leveraged Loans	3,402.09	-0.10%	3.23%	3.23%	-0.60%

Alternatives (total return index)

FTSE NAREIT	20,993.34	-5.63%	-2.28%	-2.28%	-24.95%
REIT Index					
GS Commodity Index	575.92	-1.02%	-5.60%	-5.60%	8.71%
Alerian MLP Index	1,560.57	-0.61%	4.69%	4.69%	30.92%
HFRX Global*	1,384.98	0.06%	1.25%	1.25%	-4.41%

*1-day lag

Commodities

		MTD	QTD	YTD	2022
WTI Crude	\$76.68	-0.48%	-4.46%	-4.46%	6.71%
Brent Crude	\$82.78	-1.32%	-3.64%	-3.64%	10.45%
Natural Gas	\$2.43	-11.54%	-45.70%	-45.70%	19.97%
Gold	\$1,867	1.66%	2.25%	2.25%	-0.13%

Currency

Dollar Index (DXY)	104.58	-0.28%	1.02%	1.02%	8.21%
USDCNY	6.92	-0.27%	0.27%	0.27%	8.54%
Bitcoin	20,102	-13.16%	21.54%	21.54%	-64.30%

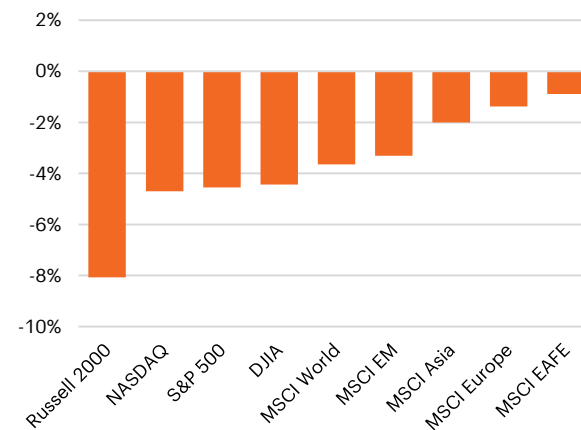
Spreads

Inv. grade bonds	136 bps	12 bps	6 bps	6 bps	38 bps
High yield bonds	450 bps	38 bps	-19 bps	-19 bps	186 bps
Leveraged loans	511 bps	3 bps	-49 bps	-49 bps	149 bps
Emerging markets	343 bps	18 bps	4 bps	4 bps	42 bps

Interest rates

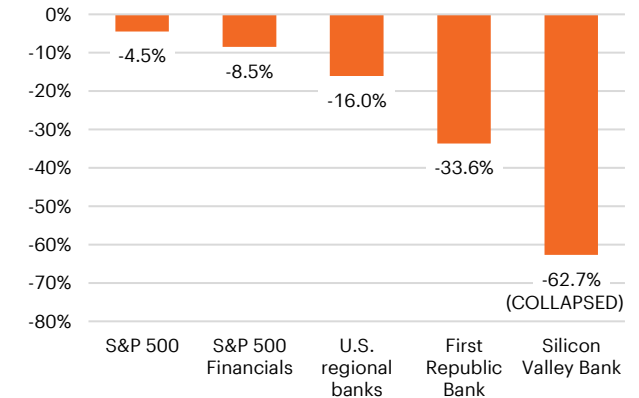
Fed Funds Target	4.625%	4.625%	4.375%	4.375%	0.125%
SOFR	4.55%	0 bps	25 bps	25 bps	425 bps
3-month LIBOR*	5.15%	18 bps	39 bps	39 bps	456 bps
2-year Treasury	4.59%	-23 bps	16 bps	16 bps	369 bps
10-year Treasury	3.70%	-22 bps	-18 bps	-18 bps	236 bps
30-year Treasury	3.71%	-21 bps	-26 bps	-26 bps	206 bps
Barclays U.S. Agg	4.67%	-14 bps	-1 bps	-1 bps	293 bps
Inv. grade bonds	5.41%	-10 bps	-1 bps	-1 bps	309 bps
High yield bonds	8.83%	20 bps	-13 bps	-13 bps	475 bps

Last week's equity returns



U.S. bank stocks plunge

Performance, 3/3/2023-3/10/2023



Source: Bloomberg Finance, L.P., as of 3/10/23.

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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