



Equities

U.S. stocks finished the week higher with debt ceiling negotiations and Fed expectations in the driver's seat. Uncertainty about the debt ceiling kept markets in a holding pattern to start the week, with the clouds parting midweek as negotiators got to work and expressed optimism about a deal. The S&P rose 1.65% on the week, helped by some evaporation in bank concerns - the index of regional banks rose 8.7%. European equities were unchanged last week as ECB President Lagarde remained hawkish despite critical forward looking German data that disappointed.

Fixed income

Treasury yields climbed in a rocky week. The 10-year broke out of its 2-month range, rising as high as 3.70% on the back of cautious optimism for a bipartisan debt accord and easing concerns in the regional banking system. House Speaker McCarthy abated concerns stating he is optimistic the House could vote on a deal as soon as next week. An avalanche of Fed speakers leaned against rate cuts this year, and prospects for an additional rate hike in June resurfaced with markets now pricing in a 35% probability. As yields rose to a post-March high the Bloomberg Agg shed -1.37% and high yield bond returns fell -0.42%.

Commodities

Crude prices rose 2.16%, finishing the week at \$71.55. Expectations for gasoline and jet fuel demand improved as the U.S. enters the heavy summer travel season. The EIA released a bullish report forecasting global oil demand to pick up by 2.2M BPD by yearend driven primarily by growing Chinese demand. Industrial metals retreated further on the week as investors remained generally sour on near-term demand given the uncertain global economic environment.

Economic overview

The data were positive, on balance, with retail sales headlining early in the week with a 0.4% m/m gain in April but an upside surprise in the "control" group of 0.7% m/m. Initial jobless claims data made upbeat headlines. The prior week's jump to 264,000 was cause for concern at first until it became apparent the gain was focused on fraudulent filings in Massachusetts. This week, claims fell back to the low level of 242,000, a sign the broader labor market remains strong. Regional manufacturing sentiment indicators were weak for May, offsetting the solid tone of April data.

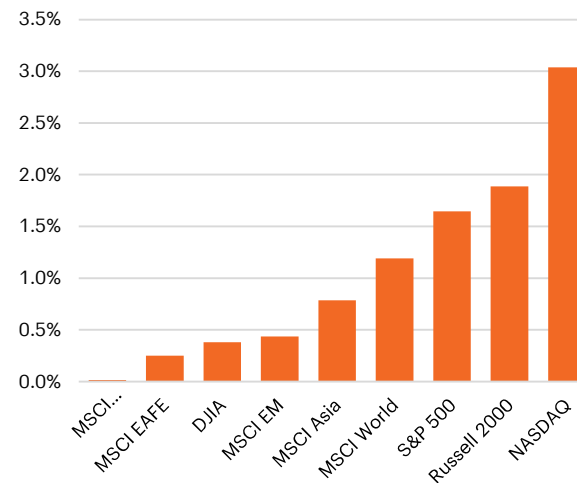
Equities (price index)		MTD	QTD	YTD	2022
S&P 500	4,191.98	0.54%	2.01%	9.18%	-19.44%
DJIA	33,426.63	-1.97%	0.46%	0.84%	-8.78%
NASDAQ	12,657.90	3.53%	3.57%	20.94%	-33.10%
Russell 2000	1,773.72	0.27%	-1.60%	0.71%	-21.56%
MSCI World	2,842.76	0.24%	1.84%	9.22%	-19.46%
MSCI Europe	1,935.92	-1.81%	1.74%	11.80%	-17.28%
MSCI EAFE	2,131.59	-0.57%	1.86%	9.65%	-16.79%
MSCI Asia	162.05	1.08%	-0.03%	4.05%	-19.36%
MSCI EM	977.24	0.02%	-1.32%	2.18%	-22.37%
VIX	16.81	1.03	-1.89	-4.86	4.45

Fixed income (total return index)		MTD	QTD	YTD	2022
Barclays U.S. Agg	2,087.18	-1.65%	-1.05%	1.88%	-13.01%
Inv. grade bonds	3,026.76	-2.23%	-1.48%	1.97%	-15.76%
High yield bonds	2,267.13	-0.85%	0.14%	3.71%	-11.19%
Leveraged Loans	3,426.82	-0.15%	0.90%	3.98%	-0.60%

Alternatives (total return index)		MTD	QTD	YTD	2022
FTSE NAREIT					
REIT Index	21,084.13	-3.83%	-3.54%	-1.86%	-24.95%
GS Commodity Index	543.42	-3.81%	-5.33%	-10.93%	8.71%
Alerian MLP Index	1,615.58	2.36%	4.12%	8.38%	30.92%
HFRX Global*	1,370.67	-0.13%	0.21%	0.21%	-4.41%

*1-day lag

Last week's equity returns



Commodities		MTD	QTD	YTD	2022
WTI Crude	\$71.55	-6.81%	-5.44%	-10.85%	6.71%
Brent Crude	\$75.58	-4.98%	-5.25%	-12.02%	10.45%
Natural Gas	\$2.59	7.26%	16.65%	-42.23%	19.97%
Gold	\$1,982	-0.88%	0.64%	8.51%	-0.13%

Currency

Dollar Index (DXY)	103.20	1.51%	0.68%	-0.31%	8.21%
USDCNY	7.01	1.44%	2.01%	1.64%	8.54%
Bitcoin	26,840	-8.55%	-5.48%	62.28%	-64.30%

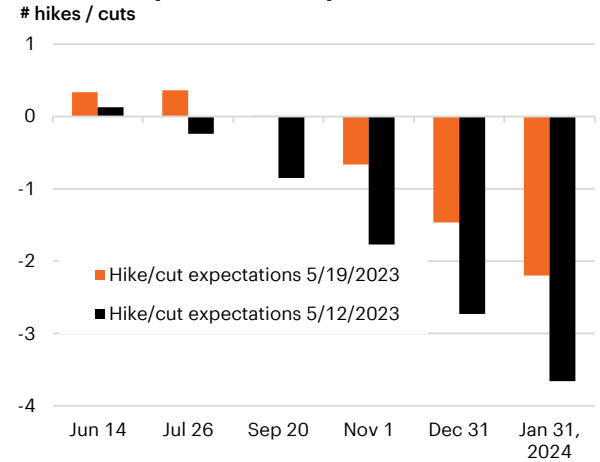
Spreads

Inv. grade bonds	143 bps	7 bps	5 bps	13 bps	38 bps
High yield bonds	477 bps	25 bps	22 bps	8 bps	186 bps
Leveraged loans	531 bps	14 bps	6 bps	-29 bps	149 bps
Emerging markets	356 bps	-3 bps	-2 bps	17 bps	42 bps

Interest rates

Fed Funds Target	5.125%	4.875%	4.875%	4.375%	4.375%
SOFR	5.05%	24 bps	18 bps	75 bps	425 bps
3-month LIBOR*	5.38%	8 bps	19 bps	61 bps	456 bps
2-year Treasury	4.27%	26 bps	24 bps	-16 bps	369 bps
10-year Treasury	3.67%	25 bps	21 bps	-20 bps	236 bps
30-year Treasury	3.93%	25 bps	28 bps	-4 bps	206 bps
Barclays U.S. Agg	4.62%	26 bps	22 bps	-6 bps	293 bps
Inv. grade bonds	5.43%	33 bps	26 bps	1 bps	309 bps
High yield bonds	8.85%	37 bps	33 bps	-11 bps	475 bps

Rate hike expectations creep in



Source: Bloomberg Finance, L.P., as of 11:00am on 5/19/2023.

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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