

# Weekly Market Update

May 22, 2023

## Economic & Market News

### This Week:

- U.S. Reports scheduled to be released this week include Private Mortgage Index (PMI) Composite, Federal Open Market Committee (FOMC) minutes and personal spending.
- Non-U.S. reports scheduled to be released this week include the rate of inflation in the U.K. and Ifo business climate in Germany.

### Week in Review:

- The unemployment rate rose to 3.9% in March after registering at 3.8% in February.
- Industrial production in China rose 5.6% year-over-year in April after increasing 3.9% year-over-year in March.
- Consumer sentiment in the U.S. fell from 63.5 in April to 57.7 in May. Market expectations were for a reading of 63 in May.
- The unemployment rate rose to 3.9% in March after registering at 3.8% in February.

Commodities	Latest	1M Ago	3M Ago	6M Ago
Oil (\$/barrel)	71.69	79.24	76.55	80.11
Gold (\$/oz)	1807.90	1807.90	1807.90	1754.40
Gasoline (\$/gallon)	2.50	2.57	2.55	2.42

Currencies	Latest	1M Ago	3M Ago	6M Ago
Euro (€/€)	1.08	1.10	1.07	1.04
Pound (\$/£)	1.24	1.25	1.20	1.19
Yen (¥/\$)	138.50	134.62	134.34	139.88

### S&P 1500 by Capitalization & Style<sup>1</sup>

1-Week				YTD		
Value	Blend	Growth		Value	Blend	Growth
1.50%	1.71%	1.88%	Large	6.13%	9.91%	13.38%
1.31%	1.02%	0.74%	Mid	-0.46%	1.69%	3.76%
2.00%	2.29%	2.58%	Small	-1.17%	-0.46%	0.27%

## Upcoming U.S. Economic Events: May 22-26, 2023

Day	Indicator	Period	Consensus	Last <sup>2</sup>
TUE	Building Permits SAAR (Final)	Apr	-	1,416K
	Markit PMI Manufacturing SA (Prem)	May	50.0	50.2
	New Home Sales SAAR	Apr	660.0K	683.0K
WED	FOMC Minutes	-	-	-
THU	Continuing Jobless Claims SA	05/13	1,820K	1,799K
	GDP SAAR Q/Q (Second Prelim)	Q1	1.1%	1.1%
	Initial Claims SA	05/20	246.0K	242.0K
FRI	Durable Orders SA M/M	Apr	-1.0%	2.8%
	Personal Consumption Expend SA M/M	Apr	-	0.0%
	Leading Indicators SA M/M	May	57.7	57.7

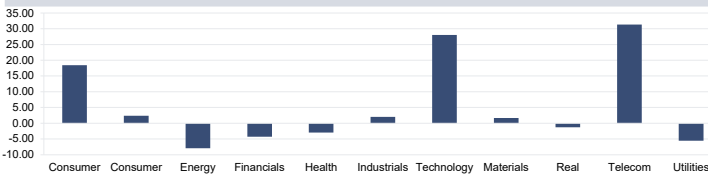
Equity Index Characteristics <sup>3</sup>	P/E (TTM)	P/B (TTM)	P/CF (TTM)	Wtd Avg Mkt Cap (\$B)
MSCI ACWI IMI	16.50	2.36	11.67	67.42
S&P 500	21.21	3.77	15.29	195.69
S&P MidCap 400	13.70	2.14	9.96	6.29
S&P SmallCap 600	11.71	1.57	8.12	1.97
MSCI World ex U.S.	14.27	1.73	9.42	47.32
MSCI EM IMI	11.18	1.54	7.80	22.36

## S&P 500 Sector Returns (%)

### 1 Week



### YTD



Index Returns	1 Week	MTD	3M	YTD
MSCI ACWI IMI	1.14	0.34	1.65	8.67
S&P 500	1.71	0.67	3.21	9.91
S&P MidCap 400	1.02	-1.26	-7.46	1.69
S&P SmallCap 600	2.29	-0.18	-10.31	-0.46
MSCI World ex USA	0.30	-0.25	3.19	10.81
MSCI EM IMI	0.53	0.22	-1.23	3.24
BBgBarc US Agg Bond	-1.37	-1.65	0.80	1.88
Bloomberg Commodity	-0.01	-2.81	-3.94	-8.71
DJ Equity All REIT	-2.29	-3.81	-8.72	-1.78

Bond Rates	Latest	1M Ago	3M Ago	6M Ago
Fed Funds Target	5.08	4.83	4.58	3.83
2-Year Treasury	3.98	3.95	4.50	4.34
10-Year Treasury	3.44	3.43	3.77	3.85
3-Month LIBOR	5.32	5.25	4.87	4.61
Municipal Bond 10-Year	2.83	2.55	2.72	3.69
U.S. Inv. Grd. Corporate	5.19	5.08	5.23	5.60
U.S. High Yield - Corporate	8.61	8.48	8.38	8.91

## 10-Year Treasury Note Yields



## S&P 500 Index Levels



Please see important definitions and disclosures on p.2-3. Charts are for illustrative purposes only. All returns represent total return including dividends. Data is as of 05.19.2023 unless otherwise noted. Economic charts are provided for illustrative purposes only.



# Important Information

<sup>1</sup>Style boxes are derived from the components of the S&P 1500<sup>®</sup> Index.

<sup>2</sup>May include flash/preliminary estimates.

<sup>3</sup>Characteristics as of 04.30.2023.

**Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful.**

**Economic charts are provided for illustrative purposes only. The information provided herein is subject to market conditions and is therefore expected to fluctuate.**

Economic & Market News provided by Sterling Capital Advisory Solutions. The volatility of an index varies greatly. All indices are unmanaged and investments cannot be made directly in an index.

**Bloomberg U.S. Aggregate Bond Index:** The Bloomberg U.S. Aggregate Bond Index is an unmanaged, market-value-weighted index of taxable investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage backed securities, with maturities of one year or more.

**Bloomberg Commodity Index:** The Bloomberg Commodity Index (BCOM) is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

The **Consumer Price Index (CPI)** is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas. Average price data for select utility, automotive fuel, and food items are also available.

The **Institute Supply Manufacturing (ISM) Index** is a monthly of U.S. economic activity based on a survey of purchasing managers at more than 300 manufacturing firms.

**Job Openings and Labor Turnover** a monthly report by the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor counting job openings, including the number of employees voluntarily quitting employment.

**The DJ Equity ALL REIT Index** represents all publicly traded real estate investment trusts in the Dow Jones U.S. stock universe classified as Equity REITs according to the Dow Jones REIT Industry Classification Hierarchy. These companies are REITs that primarily own and operate income-producing real estate.

**Personal Consumption Expenditures (PCE)** also known as consumer spending, is a measure of the spending on goods and services by people of the United States.

The **MSCI ACWI Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes.

The **MSCI World ex USA Index** captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries excluding the United States. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **MSCI Emerging Markets Investable Market Index (IMI)** captures large, mid and small cap representation across 23 Emerging Markets (EM) countries. The index covers approximately 99% of the free float-adjusted market capitalization in each country.

**NBS Manufacturing Purchasing Manager Index:** In China it measures the performance of the manufacturing sector and is derived from a survey of more large-scale, state-owned companies.

The **China Caixin Manufacturing Purchasing Managers' Index (PMI)** is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting.

**S&P 500<sup>®</sup> Index:** The S&P 500<sup>®</sup> Index is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P<sup>®</sup> Composite includes 500 of the largest stocks (in terms of stock market value) in the United States; prior to March 1957 it consisted of 90 of the largest stocks.

**S&P 1500:** An investable U.S. equity benchmark, the S&P Composite 1500 combines three leading indices, the S&P 500<sup>®</sup>, the S&P MidCap 400, and the S&P SmallCap 600 to cover approximately 90% of the U.S. market capitalization. It is designed for investors seeking to replicate the performance of the U.S. equity market or benchmark against a representative universe of tradable stocks.

**The S&P CoreLogic Case-Shiller U.S. National Home Price Index:** Measures the value of single-family housing within the United States. The index is a composite of single-family home price indices for the nine U.S. Census divisions and is calculated monthly.

**S&P Small Cap 600<sup>®</sup> Index:** The S&P SmallCap 600<sup>®</sup> Index is designed to measure the performance of the small capitalization sector of the U.S. equities market. This index consists of 600 domestic stocks chosen for market size, liquidity, (bid-asked spread, ownership, share turnover and number of no trade days) and industry group representation.

**S&P Mid Cap 400<sup>®</sup> Index:** The S&P MidCap 400<sup>®</sup> Index is designed to measure the performance of the mid capitalization sector of the U.S. equities market. This index consists of 400 domestic stocks chosen for market size, liquidity, (bid-asked spread, ownership, share turnover and number of no trade days) and industry group representation.

# Important Information

**Bond Rates:** Fed Funds Target, FactSet; 2-Year Treasury, FactSet; 10-Year Treasury, FactSet; 10-Year Municipal, FactSet; High Yield, FactSet

**Capitalization/Style Returns:** Capitalization/Style returns are based on the S&P Indexes. All values are cumulative total return for stated period including the reinvestment of dividends. The indexes used from left to right, top to bottom are as follows: S&P 500 Value Index, S&P 500 Index, S&P 500 Growth Index, S&P Mid Cap 400 Value Index, S&P Mid Cap 400 Index, S&P Mid Cap 400 Growth Index, S&P Small Cap 600 Value Index, S&P Small Cap 600 Index, S&P Small Cap 600 Growth Index. The S&P 500® Index is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P® Composite includes 500 of the largest stocks (in terms of stock market value) in the United States; prior to March 1957 it consisted of 90 of the largest stocks. The S&P Midcap 400 is designed to measure the performance of the middle capitalization sector of the U.S. equities market. This market capitalization weighted index was created in June of 1991 and consists of 400 domestic stocks from the NYSE, NASDAQ, and AMEX chosen for market size, liquidity and industry group representation. The S&P SmallCap 600 is designed to measure the performance of the small capitalization sector of the U.S. equities market. This index consists of 600 domestic stocks chosen for market size, liquidity, (bid-asked spread, ownership, share turnover and number of no trade days) and industry group representation. The S&P Style indices measure growth and value along two separate dimensions, with three factors each used to measure growth and value. The Growth factors are 3 Year Change in Earnings per Share over Price per Share, 3 Year Sales per Share Growth Rate, and Momentum. The Value factors are Book Value to price Ratio, Earnings to Price Ratio, and Sales to Price Ratio.

**Commodities:** Oil, FactSet; Gold, FactSet; Gasoline, FactSet

**Currencies:** Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

**Equity Index Characteristics:** Price-to-earnings ratio, price-to-book ratio, and price-to-cash flow ratio for S&P 500, S&P MidCap 400, and S&P Small Cap 600 taken from Morningstar Direct and based on a trailing 12-month period. Price-to-earnings ratio, price-to-book ratio, and price-to-cash flow ratio for MSCI ACWI, MSCI World ex USA, and MSCI Emerging Markets Investable Market taken from Morningstar Direct and based on a trailing 12-month period.

The **Federal Funds Rate** refers to the interest rate that depository institutions (such as banks and credit unions) charge other depository institutions for overnight lending of capital from their reserve balances on an uncollateralized basis.

**Index Returns:** Prices reflect closing price level for each stated date.

**Non-manufacturing PMI:** Takes into account the business conditions in the services sector, such as employment, production, new orders, prices, and inventories, to determine whether the industry expanded or contracted during the month.

**Real gross domestic product (GDP)** is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year, expressed in base-year prices.

**Sector Returns:** Sectors are based on the GICS Classification model. Return data are calculated by Morningstar Direct using constituents and weights as provided by Standard and Poor's. Returns are cumulative total return for the stated period, including reinvestment of dividends.

Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The views and strategies described may not be suitable for all investors. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied upon for, accounting, legal or tax advice. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. Any forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation.

The opinions contained in the preceding presentation reflect those of Sterling Capital Management LLC, and not those of Truist Financial Corporation or its executives. The stated opinions are for general information only and are educational in nature. These opinions are not meant to be predictions or an offer of individual or personalized investment advice. They are not intended as an offer or solicitation with respect to the purchase or sale of any security. This information and these opinions are subject to change without notice. All opinions and information herein have been obtained or derived from sources believed to be reliable. Sterling Capital Management LLC does not assume liability for any loss which may result from the reliance by any person upon such information or opinions.

Investment advisory services are available through Sterling Capital Management LLC, an investment adviser registered with the U.S. Securities & Exchange Commission and an independently-operated subsidiary of Truist Financial Corporation. Sterling Capital Management LLC manages customized investment portfolios, provides asset allocation analysis and offers other investment-related services to affluent individuals and businesses. Securities and other investments held in investment management or investment advisory accounts at Sterling Capital Management LLC are not deposits or other obligations of Truist Financial Corporation, Truist Bank or any affiliate, are not guaranteed by Truist Bank or any other bank, are not insured by the FDIC or any other federal government agency, and are subject to investment risk, including possible loss of principal invested.

Sterling Capital does not provide tax or legal advice. You should consult with your individual tax or legal professional before taking any action that may have tax or legal implications.

