



# Capital Markets Snapshot

LWS Financial

Week ending May 26, 2023

The U.S. debt ceiling weighed on the markets early in the week but as of the weekend, the President and House Leaders reached an agreement to suspend the limit for two years and lower certain government spending. The bill is scheduled to go to the House Rules Committee on Tuesday before going to the full House for a vote on Wednesday. Other noteworthy economic news this week included the Personal Consumption Expenditures (PCE) Index which increased in April to 4.4% from the previous reading of 4.2% in March. This metric is one of the Federal Reserve's preferred readings on inflation.

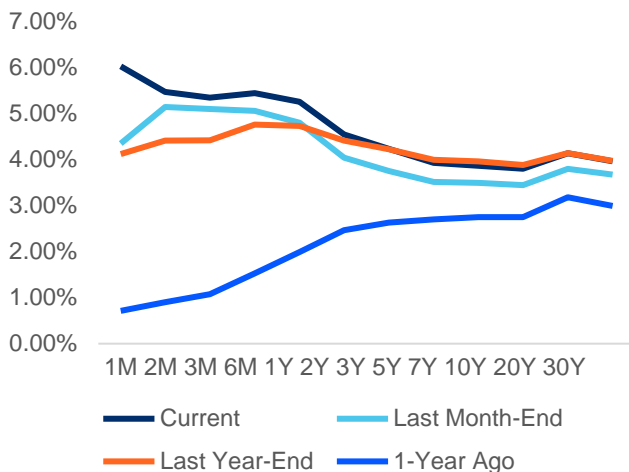
## Fixed Income Markets Overview

- The 10-year continued to climb higher this week, but still remains below the highs seen in early March.
- Mortgage rates also continue to move higher. According to Bankrate.com, the average 30-year fixed mortgage is at 7.26%, while the 15-year rate is at 6.64%.
- The minutes from the May FOMC meeting were released on Wednesday and reflected mixed feelings among the committee on whether another rate hike will be necessary. The next FOMC meeting is scheduled for June 14th.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>Short</b>	1-3 Year Govt/Credit	-0.45%	1.14%	-0.85%	1.11%
	<b>Core Plus</b>	Intermediate Govt/Credit	-0.63%	1.40%	-2.23%
	International Aggregate	-1.09%	0.48%	-4.79%	-1.28%
	US Aggregate	-0.67%	1.20%	-3.97%	0.67%
	US Treasury	-0.74%	1.25%	-4.82%	0.51%
	US TIPS	-0.64%	1.56%	0.21%	2.66%
	US Corporate	-0.35%	1.62%	-3.17%	1.42%
	US Corporate High Yield	-0.36%	3.34%	2.96%	3.03%
<b>Other</b>	Emerging Markets Aggregate	-0.43%	1.02%	-2.62%	0.39%
<b>Muni</b>	US Municipals	-0.61%	1.13%	-0.78%	1.64%
	US Municipals High Yield	-0.70%	1.76%	2.40%	2.47%

Source: Bloomberg as of May 26, 2023

## U.S. Treasury Yield Curve



## Interest Rates (%)

Date	5/26/2023	4/28/2023	12/30/2022	5/26/2022
Federal Funds Rate	6.00%	4.350%	4.120%	0.710%
3 Month Treasury	5.340%	5.100%	4.420%	1.070%
6 Month Treasury	5.440%	5.060%	4.760%	1.520%
2 Year Treasury	4.540%	4.040%	4.410%	2.460%
5 Year Treasury	3.920%	3.510%	3.990%	2.700%
10 Year Treasury	3.800%	3.440%	3.880%	2.750%
30 Year Treasury	3.960%	3.670%	3.970%	2.990%
US Aggregate	4.791%	4.353%	4.681%	3.308%
US Corporate	5.547%	5.098%	5.424%	4.166%
US Corporate High Yield	8.853%	8.480%	8.956%	7.217%
US Municipal	3.710%	3.387%	3.548%	3.021%
US Municipal High Yield	5.890%	5.693%	5.829%	4.962%

## Spreads Over 10-Year US Treasuries

Date	5/26/2023	4/28/2023	12/30/2022	5/26/2022
30 Year Treasury	0.160%	0.230%	0.090%	0.240%
US Aggregate	0.991%	0.913%	0.801%	0.558%
US Corporate	1.747%	1.658%	1.544%	1.416%
US Corporate High Yield	5.053%	5.040%	5.076%	4.467%
US Municipal	-0.090%	-0.053%	-0.332%	0.271%
US Municipal High Yield	2.090%	2.253%	1.949%	2.212%

Source: Bloomberg and U.S. Treasury as of May 26, 2023

## Equity Markets Overview

- Markets were mixed this week but the NASDAQ continued to climb higher. The S&P was up slightly, but the DJIA was negative for the week.
- Only a handful of sectors showed positive results for the week including Technology (+5.1%), Communication (+1.2%) and Consumer Discretionary (+0.4%). All other sectors were down led by Consumer Staples (-3.2%).
- Earnings reports were mixed during the week, but tech company Nvidia was the standout as the company announced better than expected earnings, along with high demand for its data storage products. In the retail sector, Best Buy and Kohls reported positive results, while Lowes beat estimates, but cut its guidance for the year.
- Look for a few remaining earnings reports this week including HP, Salesforce, and Dell Technologies.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>All-Cap</b>	S&P 1500	0.30%	9.49%	13.20%	10.54%
<b>Large-Cap</b>	S&P 500	0.35%	10.29%	13.25%	11.02%
	S&P 500 Growth	1.10%	14.63%	11.50%	11.82%
	S&P 500 Value	-0.53%	5.57%	13.94%	9.20%
<b>Mid-Cap</b>	S&P Midcap 400	-0.51%	1.17%	12.40%	6.32%
	S&P Midcap 400 Growth	-0.69%	3.04%	8.93%	5.69%
	S&P Midcap 400 Value	-0.32%	-0.77%	15.72%	6.54%
<b>Small-Cap</b>	S&P Smallcap 600	0.18%	-0.28%	12.65%	4.24%
	S&P Smallcap 600 Growth	0.67%	0.94%	9.72%	4.40%
	S&P Smallcap 600 Value	-0.33%	-1.49%	15.45%	3.83%
<b>Int'l.</b>	MSCI ACWI ex-USA	-1.84%	6.57%	8.12%	2.32%
	MSCI EM	-0.42%	2.52%	4.09%	-0.65%

Source: Bloomberg as of May 26, 2023

## Alternative Markets Overview

- The price of gold reached a two-month low last week as the markets became optimistic that a deal could be reached on the U.S. Debt Ceiling limit. The price of silver also fell slightly.
- A proposed tax on Bitcoin miners – known as the Digital Assets Mining Energy excise tax – appears to be off the table as part of the agreement on the U.S. Debt Ceiling.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	0.74%	-8.37%	28.19%	2.82%
Gold	-0.70%	7.40%	4.75%	8.37%
FTSE All Equity NAREIT	-1.38%	-3.22%	4.56%	4.66%
Bitcoin	-0.25%	61.30%	42.97%	29.12%
Ethereum	1.25%	52.98%	107.12%	25.32%

Source: Bloomberg as of May 26, 2023



### Upcoming Week

- The May jobs report will be released on Friday. Current estimates are looking for an increase of 180,000 jobs.
- Other economic releases this week include the S&P/Case Schiller Home Price Index, ISM Manufacturing Index, U.S. Construction Spending, and U.S. Productivity and Labor Costs.

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## Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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