

Economic Calendar

Monday, February 27

Durable Goods Orders,
Pending Home Sales.

Tuesday, February 28

Goods-only Trade Balance,
Business Inventories, Case-
Shiller Home Prices,
Chicago-area Business
Barometer, Consumer
Confidence.

Wednesday, March 1

Mortgage Activity, ISM
Manufacturing PMI,
Construction Spending, Auto
Sales.

Thursday, March 2

Jobless Claims, Worker
Productivity, Labor Costs.

Friday, March 3

ISM Services PMI.

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[Fewer Jobless Claims](#)

[Relief at the Gas Pump](#)

[Russia/Ukraine One-Year
War Anniversary](#)

[The Week Ahead Video](#)

WEEKLY RECAP

February 20-24, 2023 Recap

Worst Weekly Decline of 2023

S&P 500 Falls Third Week

U.S. equity backpedaled during the holiday-shortened trading week with the S&P 500 and Dow Industrials posting their third consecutive weekly declines. Investor sentiment soured after the Fed's preferred reading of inflation, the personal consumption expenditures (PCE) price index, ran hotter than expected in January (+0.6%) and over the past 12-months (+5.4%). This helped push markets to pricing in a median terminal (peak) Fed Funds rate of around 5.38%, up by about 0.60% over the past month, moving higher to meet the Fed's own increased outlook on rates.

For the Week...

The S&P 500 lost 2.66%, the Dow Jones Industrial Average fell 2.99% and the tech-heavy Nasdaq Composite slumped 3.31%.

New Home Sales Expand

New home sales rose in January, up a solid 7.2%. The monthly pickup in January sales was driven by easing borrowing costs, but rates have pivoted higher in February on increasingly sticky inflation measures and robust consumer spending. Unlike existing homes, there is still a lot of inventory of new homes for sale, but most are still under construction or not started yet. Completed inventory is rising but remains low.

Energy is Sole Weekly Gainer

Ten of the 11 major S&P 500 sector groups ended negative last week, with Consumer Discretionary (-4.43%), the best prior week gainer falling the most. Communication Services (-4.37%) and Real Estate (-3.78%) were the next biggest decliners. Consumer Staples (-1.40%) Materials (-0.12%) fell the least while Energy (+0.17%) was the sole gainer on the week. Consumer Discretionary still remains the best year-to-date gainer, up 11.33%.

Treasury Yields Climb

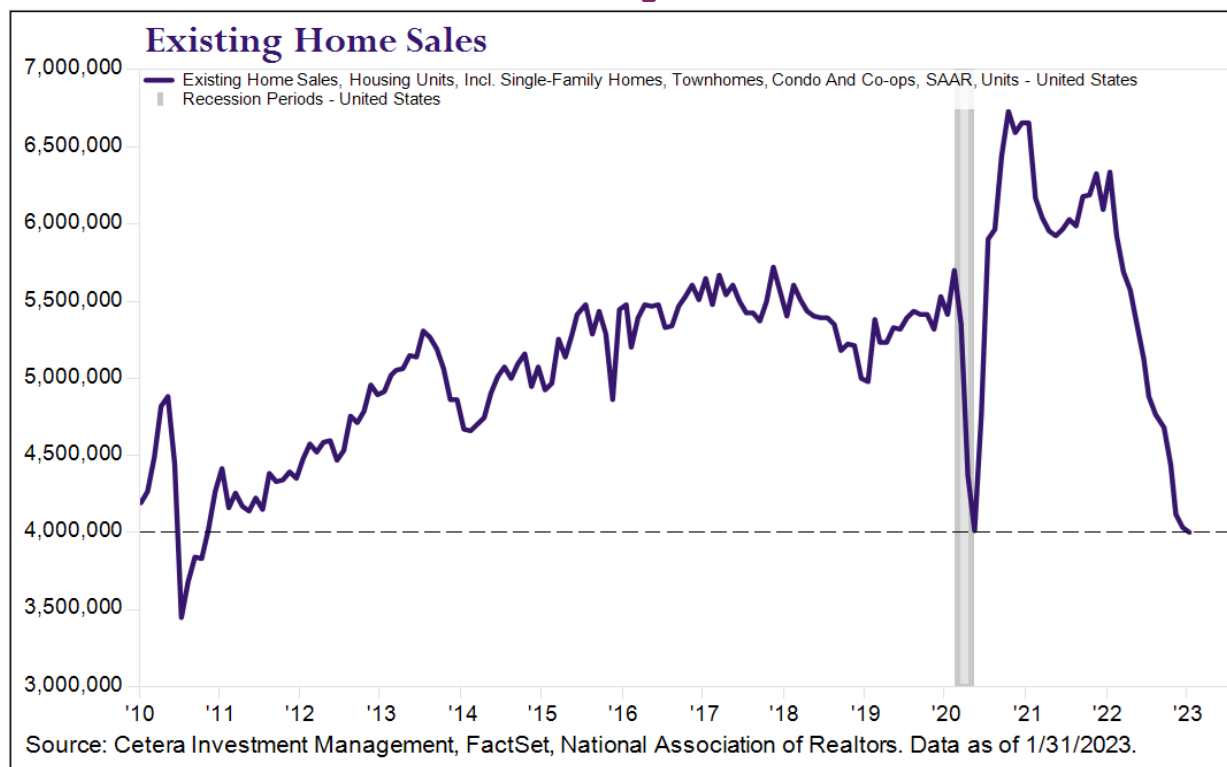
Treasury yields advanced a third week, with the yield on benchmark 10-year notes ending Friday at 3.943%, up just over 11 basis points (0.11%) on the week. Treasury rates are more deeply inverted with the yield on policy-sensitive two-year Treasury notes yielding around 0.85% more than the 10-year benchmark yield. U.S. WTI crude oil futures were little changed last week, ending at \$76.32/barrel (down 23-cents week-over-week).

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-2.99	-3.72	-4.03	-1.00	-1.23	5.48
S&P 500	-2.66	-2.46	-0.99	3.66	-5.86	8.91
NASDAQ Composite	-3.31	-1.54	1.20	9.02	-14.69	8.16
Russell 3000	-2.69	-2.40	-0.42	4.33	-6.15	8.48
Russell 2000	-2.86	-2.05	1.82	7.49	-3.90	6.43
MSCI EAFE	-2.41	-2.98	3.74	4.88	-0.78	3.85
MSCI Emerging Markets	-2.74	-5.73	3.15	1.72	-13.39	-0.37
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-0.89	-2.82	-0.06	0.16	-9.14	-3.56
Bloomberg Municipal Bonds	-0.44	-2.29	1.43	0.51	-5.21	-1.49
Bloomberg US Corp High Yield	-0.17	-1.74	1.49	2.00	-5.04	0.53
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-0.83	-5.30	-8.35	-5.76	-5.91	13.22
S&P GSCI Crude Oil	-0.30	-3.23	-2.08	-4.91	-17.78	14.06
S&P GSCI Gold	-1.79	-6.59	3.22	-0.50	-5.67	2.72

Source: Morningstar

Chart of the Week: Used Home Sales Plunge



Existing home sales fell 37% year-over-year in January, reaching the lowest level since 2010. The surge in mortgage rates over the last year led to 12 straight months of home sale declines. Low inventories also persist.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](https://twitter.com/CeteraIM) on Twitter.

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Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

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

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.