

Economic Calendar

Monday, March 13

No Major Releases.

Tuesday, March 14

Small Business Optimism,
Consumer Price Index,
Hourly Earnings.

Wednesday, March 15

Mortgage Activity, Retail
Sales, Producer Price Index,
Empire State Manufacturing,
Homebuilder Confidence.

Thursday, March 16

Jobless Claims,
Import/Export Prices,
Housing Starts, Philadelphia
Fed Manufacturing.

Friday, March 17

Industrial Production,
Leading Economic
Indicators, Consumer
Sentiment.

[The Latest from @CeteraIM](#)

[Yields Adjust Sharply Lower](#)

[Used Auto Prices Rise](#)

[Mortgage Activity Average at
27-Year Low](#)

[The Week Ahead Video](#)

WEEKLY RECAP

March 6-10, 2023 Recap

Equities Tumble

Worst Week Since September 2022

U.S. equities ended a volatile week with sharp losses amid two major California bank failures and a hotter-than-expected February jobs report. Separately, the unemployment rate climbed, and the pace of wage growth slowed last month, together signaling progress in the Fed's battle against inflation. The recent events may cause the Fed to pause their interest rate hikes sooner than previously expected, and perhaps even pivot and lower rates later in the year.

For the Week...

The S&P 500 fell 4.51%, its biggest weekly loss since last September. The Dow Jones Industrial Average lost 4.44% and the tech-heavy Nasdaq Composite slumped 4.69%.

Wage Growth Slows

U.S. payrolls increased by 311,000 in February, topping projections for 225,000 and follows January's downwardly revised addition of 504,000 (517,000 originally reported). Importantly, February hourly earnings rose less than forecast (+0.2% vs +0.3% expected) and are up 4.6% from a year ago (+4.7 expected). Labor market growth is still strong early in 2023.

All Sectors End Negative

All eleven major S&P 500 sector groups ended lower last week, led by Financials (-8.50%), Materials (-7.64%), and Real Estate (-6.95%). Consumer Staples (-1.92%), Utilities (-2.88%), and Technology (-3.06%) were down the least. These sector figures are price-return based which do not include the effect of dividends.

Treasury Yields Decline

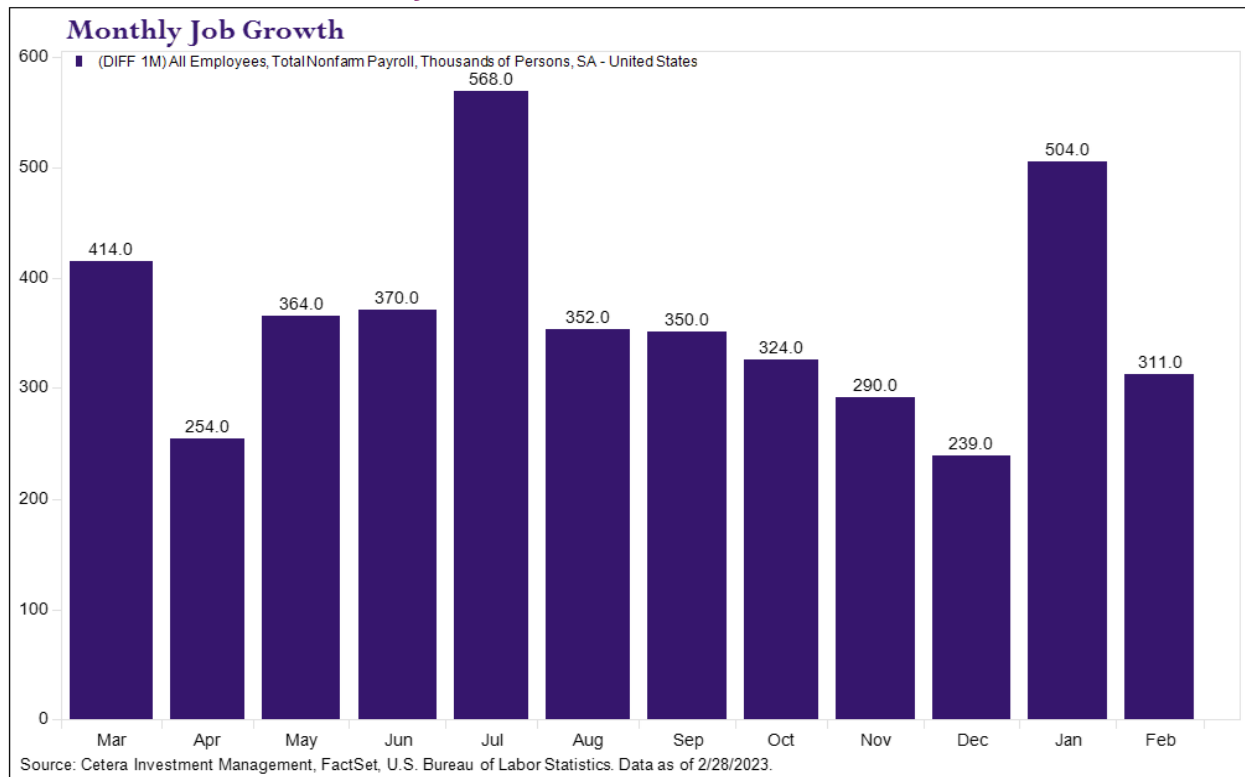
Treasury yields broadly declined last week, halting four straight weekly increases. Fed Funds futures pricing for the terminal (peak) interest rate was nearly 5.80% after Fed Chairman Powell's appearance in front of the Senate Banking Committee on Tuesday and sank to around 5.25% by Friday afternoon. The yield on benchmark 10-year notes ending Friday at 3.701% down a sharp -0.27% for the week.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-4.44	-2.29	-4.68	-3.73	-3.81	8.45
S&P 500	-4.51	-2.67	-3.51	0.92	-6.58	14.33
NASDAQ Composite	-4.69	-2.72	-0.81	6.63	-12.50	13.13
Russell 3000	-5.06	-3.22	-1.26	1.03	-8.48	11.78
Russell 2000	-8.03	-6.49	-0.98	0.89	-10.58	10.87
MSCI EAFE	-0.76	0.11	4.14	5.96	2.73	9.22
MSCI Emerging Markets	-3.29	-0.87	-2.02	0.03	-10.89	2.07
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	1.17	1.04	-0.58	1.45	-7.30	-3.00
Bloomberg Municipal Bonds	0.94	0.76	0.54	1.31	-3.07	0.01
Bloomberg US Corp High Yield	-0.90	-0.59	0.50	1.87	-4.46	2.38
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-3.38	-1.38	-5.34	-6.48	-14.00	15.89
S&P GSCI Crude Oil	-3.66	-0.38	7.91	-4.36	-25.92	30.47
S&P GSCI Gold	1.40	2.39	3.86	2.98	-6.14	4.21

Source: Morningstar

Chart of the Week: Treasury Yields Rise



U.S. nonfarm payrolls expanded by 311,000 in February, exceeding expectations of 225,000. The unemployment rate rose slightly from 3.4% to 3.6% because of a rise in labor force participation. Labor market growth is still strong through the early part of 2023.

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.