

Economic Calendar

Monday, May 8

Wholesale Trade Sales & Inventories.

Tuesday, May 9

Small Business Optimism.

Wednesday, May 10

Mortgage Activity, Consumer Prices (CPI), Real Hourly Earnings, Monthly Federal Budget Statement.

Thursday, May 11

Jobless Claims, Producer Prices (PPI).

Friday, May 12

Import/Export Prices, Consumer Sentiment.

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[Used Car Prices Fall](#)

[Jobless Claims Rise](#)

[Services PMI Expands Further](#)

[The Week Ahead Video](#)

WEEKLY RECAP

May 1-5, 2023 Recap

Equities Mostly Lower

Small Caps Fall the Least

Despite a strong 1.85% S&P 500 finish on Friday, the benchmark index ended fractionally lower last week, capping a fifth straight week with less than a 1% change. Technology stocks outperformed with the Nasdaq Composite ending modestly positive. Following a 0.25% Fed Funds rate hike on Wednesday to 5.00%-5.25% (its tenth hike since March 2022), the bullish view centered on indications for a June rate pause, resilient labor markets, and somewhat diminished concerns around regional banks.

For the Week...

The S&P 500 fell 0.78%, erasing most of its 0.89% gain the week prior. The Dow Jones Industrial Average fell 1.24% and the tech-heavy Nasdaq Composite gained 0.09%. Small caps fell the least (-0.49%) while growth stocks outperformed their value counterpart across all market caps.

April Hiring Surprises Higher

Nonfarm payrolls increased by 253,000 in April, topping forecasts for 180,000 and the unemployment rate fell to 3.4% from 3.5%. Job growth has been resilient despite aggressive Fed rate hikes. Average hourly earnings, a key inflation signpost, rose 0.5% last month (+0.3% expected) and is up 4.4% annualized (+4.2% expected).

Technology Outperforms

Just three sectors posted gains last week, including Technology (+0.62%), Utilities (+0.10%), and Healthcare (+0.09%). Consumer Discretionary (-0.35%) and Consumer Staples (-0.37%) fell the least while Financials (-2.61%) and Energy (-5.81%) fell the most.

Treasury Yields Virtually Unchanged

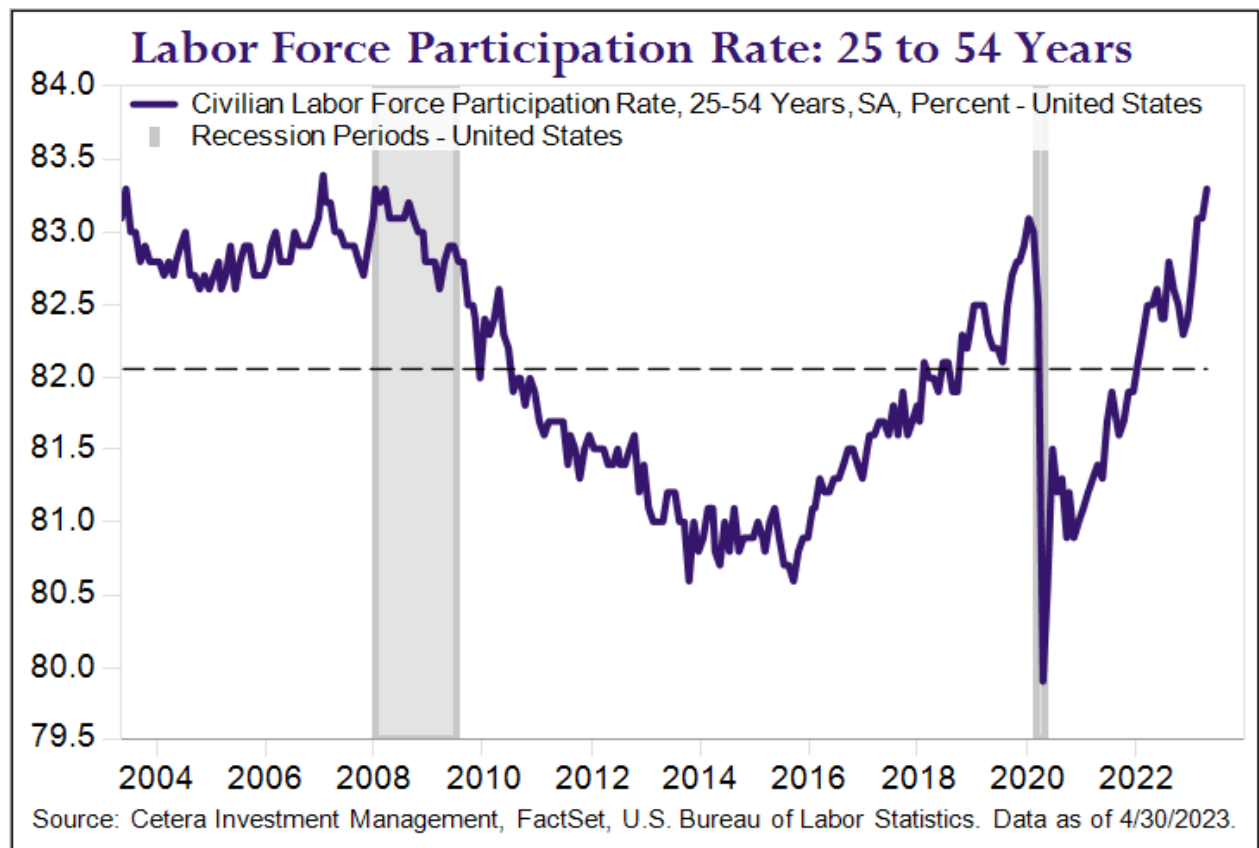
Despite another quarter-point Fed rate hike, the yield on benchmark 10-year Treasury notes ended the week near where they started (3.445% vs. 3.450%). Meanwhile, the recent regional banking concerns have pushed the odds of a June rate rise back near 0%.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-1.24	-1.24	-0.74	1.59	2.05	12.14
S&P 500	-0.78	-0.78	0.44	8.33	1.49	14.81
NASDAQ Composite	0.09	0.09	2.14	17.22	0.23	12.46
Russell 3000	-0.75	-0.75	-1.04	7.51	0.48	14.39
Russell 2000	-0.49	-0.49	-11.00	0.40	-4.49	12.80
MSCI EAFE	0.16	0.16	2.43	11.70	10.67	12.63
MSCI Emerging Markets	0.51	0.51	-4.92	3.30	-4.51	5.63
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-0.05	-0.05	0.49	3.53	0.23	-3.09
Bloomberg Municipal Bonds	0.35	0.35	-0.09	2.90	3.78	0.59
Bloomberg US Corp High Yield	-0.38	-0.38	-0.71	4.21	1.38	4.53
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-1.20	-1.20	-2.66	-7.20	-19.44	19.75
S&P GSCI Crude Oil	-7.10	-7.10	-2.81	-11.13	-34.13	39.15
S&P GSCI Gold	1.48	1.48	8.10	11.09	8.16	5.85

Source: Morningstar

Chart of the Week: Rising Prime Age Labor Force Participation



The prime-age (25-54) labor force participation rate rose to the highest level in 15 years (83.3%) last month. The 20-year average is 82.1%. The economy needs high prime age labor participation to offset the fall in 55+ labor force participation. As the baby boomer generation retires, there is a demographic headwind for labor supply in the years ahead.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@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.