

WEEKLY MARKET UPDATE

Week of March 8, 2023



By the Numbers

<u>Index</u>	<u>DOW</u>	<u>S&P 500</u>	<u>NASDAQ</u>	<u>10YR Yield</u>
Yesterday's Close	32,856	3,986	11,530	3.97%
Market Change since Last Meeting	+0.6%	+0.4%	+0.65%	+1.5%
Market Change Year-To-Date	-1.1%	+3.6%	+10%	+4.7%

INFLATION & THE FED

Last week was positive for the markets: Dow up 1.75%, S&P up 1.90% and Nasdaq up 2.58% as of Friday's close. The markets performed well even though we received news from the Fed that rates may need to stay higher for longer.

- Markets were trading lower on Thursday until the Atlanta Fed President Raphael Bostic said publicly that he thinks the central bank can keep rate hikes to 25 basis points rather than 50 basis points favored by some other fed officials.
- Also on Thursday, Fed Governor Christopher Waller took a tougher tone in his comments to the Mid-Size Bank Coalition of America, raising the possibility of a higher terminal rate if inflation numbers don't cool.
- Referring to the 517,000 new jobs created in January and the latest reading from the Consumer Price Index, Waller said "If those data points continue to come in too hot, the policy target rate will have to be raised this year even more to ensure that we do not lose momentum that was in place before the date in January was released."
- Fed fund future contracts are priced for a policy rate target of 5.35%, higher than the current Fed's 5.1% target.
- Federal Reserve Chairman Jerome Powell on Tuesday cautioned that interest rates are likely to head higher than the central bank policymakers had expected.
- On 3/7/23, the stock market fell, and Treasury yields rose as Chairman Powell said to Congress: "The latest economic data have come in stronger than expected, which suggests that the ultimate level of interest rates is likely to be higher than previously anticipated."

LOOKING FORWARD

March 10	Nonfarm Payrolls
March 14	Consumer Price Index
March 22	Fed Meeting and Announcement

Not FDIC Insured | No Bank Guarantee | May Lose Value

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