

WEEKLY MARKET UPDATE

Week of May 3, 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	33,684	4,119	12,080	3.44%
Market Change since Last Update	+0.46%	+1.2%	+2.4%	+2.1%
Market Change Year-To-Date	+1.6%	+7.3%	+15.4%	+2.6%

FED NOTES

The Federal Open Market Committee is meeting today (5.3.2023) and sharing public commentary afterwards (1pm CST). Based on the Fed Fund futures market, there is a 97% probability that the Fed will raise rates by 25 basis points. Futures prices also indicate a 50% chance of a rate cut by September, and an 80% chance of a rate cut by December. Commentary today from Jerome Powell about how long he thinks rates need to be at or near the current level may change the futures market. The most important part of today's meeting will be Powell's comments on what he thinks needs to happen next with rates: Continue to raise, pause, lower rates, or wait and see.

MIXED ECONOMIC NEWS

- U.S. economy grew by 1.1% in Q1, below economists forecast of 2%.
- Weaker-than-expected GDP could suggest the Fed is near the end of its tightening campaign.
- Stronger-than-expected inflation in Q1, 4% vs. 3.7% expectation.
- Initial unemployment claims fell by 16,000 to 230,000; expectation was 245,000.
- To put unemployment claims into perspective, during past recessions initial unemployment claims averaged over 375,000.
- Consumers are still spending: durable goods orders grew by 0.3%, topping expectations of orders falling by 0.3%.
- The Personal Consumption Expenditure Index rose slightly, in line with expectations.
- Job Openings and Labor Turnover (JOLT) showed 9.59 million jobs available nationwide in March, down from 9.97 million in February and below the expectation of 9.64 million. Job openings now at a two-year low show the job market is slowing and putting less pressure on inflation.
- Job Quits, which are considered a measure of worker confidence in their ability to leave one job and find another, declined by 129,000 in March to 3.85 million nationwide, the lowest level since May of 2021

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