

Weekly Update – February 13, 2023

Market Returns Ending 2/10/2023			
Category	1 Week	YTD	1 Year
US			
Large Cap	-1.1%	6.7%	-7.7%
Mid Cap Growth	-1.8%	9.3%	-9.7%
Mid Cap Value	-1.6%	7.3%	-2.7%
Small Cap	-3.3%	9.0%	-5.1%
International			
Developed	-1.6%	7.4%	-6.1%
Emerging	-2.4%	6.1%	-16.3%
Bonds			
Aggregate	-1.4%	1.5%	-7.9%
High Yield	-1.8%	3.1%	-5.2%

US Equity Style Returns			
	Weekly		
	Value	Core	Growth
Large	-1.0	-1.3	-1.5
Mid	-1.6	-1.7	-1.8
Small	-3.4	-3.3	-3.2
	YTD		
	Value	Core	Growth
Large	4.6	7.0	9.6
Mid	7.3	8.0	9.3
Small	8.7	9.0	9.4

Source: Bloomberg

Key Events: The Fed throws cold water on ‘the pivot’

Several Federal Reserve members spoke publicly, with a similar message – despite slowing inflation, there are more interest rate hikes to come.ⁱ

The future is murkier; a softening economy forewarns the recession that is now a Wall Street consensus expectation. Most companies have reported 4Q earnings reports and, as expected, profits continue to decline.ⁱⁱ

Market Review: The pause that refreshes?

Large cap stocks held in better than most markets this week. The S&P 500 declined 1.1% while small-cap (-3.3%) international (-1.6%) and emerging markets (-2.4%) all lagged. Year-To-Date returns remain positive, and positive market technicals remain in place.

Outlook: The pause that refreshes faces off against the economic data.

We expect volatility to continue while two competing narratives vie for acceptance.

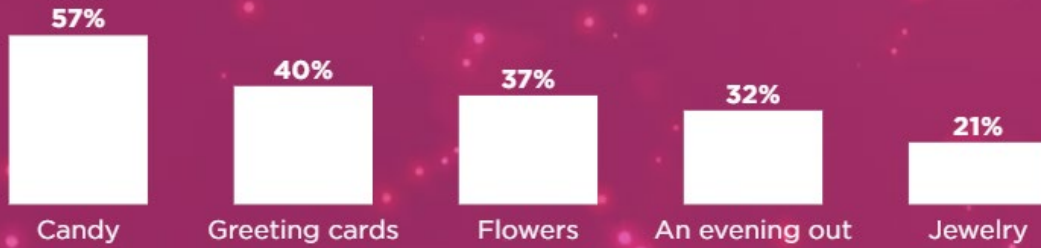
One narrative says the economy is slowing, evidenced by slowing earnings and contracting manufacturing surveys; the stock market is likely to fall.

Another narrative says the market remains focused on the long term. The evidenced supporting this narrative includes strong market breadth and movements that have taken stocks above both long-term averages and the

downtrends of 2022. Another set of data in the ‘long-term’ camp is continued strength of the consumer; this week we note Valentine’s spending is forecast to increase 8% in 2023ⁱⁱⁱ; the chart below illustrates the breakout of that spending.



Top 5 gifts consumers plan to give



Source: NRF's 2023 Valentine's Day spending survey, conducted by Prosper Insights & Analytics

NRF National Retail Federation

Navigator Outlook: February 2023

VALUATION

- Stock and bond valuations have become less attractive after January's strong returns.
- High-quality are attractive, while high yield spreads have decreased despite recession fears
- US large cap stocks are more expensive than International or Small Caps.

ECONOMY

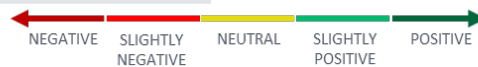
- The Federal Reserve indicated rate hikes may slow as inflation is beginning to slow.
- Manufacturing indicators have dipped to levels indicating an economic contraction.
- Margin pressures are causing analysts to cut earnings estimates for 2023.

SENTIMENT

- Bearish investor sentiment was above average for almost all 2022 and remains high.
- The University of Michigan and Conference Board surveys of Consumer Sentiment have recovered from their recent lows.
- Negative investor sentiment paired with low but recovering consumer sentiment measures render overall view of Sentiment as positive.

TECHNICAL

- Many short-term technical indicators appear extended after January's strong returns
- Medium and long-term measures such as market breadth have moved into positive, and many markets have broken the downtrends of 2022.
- Near-term volatility is likely to continue as the market discounts economic uncertainty.



This material is intended to be educational in nature, and not as a recommendation of any particular strategy, approach, product or concept for any particular advisor or client. These materials are not intended as any form of substitute for individualized investment advice. The discussion is general in nature, and therefore not intended to recommend or endorse any asset class, security, or technical aspect of any security for the purpose of allowing a reader to use the approach on their own. Before participating in any investment program or making any investment, clients as well as all other readers are encouraged to consult with their own professional advisers, including investment advisers and tax advisers. OneAscent can assist in determining a suitable investment approach for a given individual, which may or may not closely resemble the strategies outlined herein.

OAI000107

ⁱ Source: Bloomberg reporting on Federal reserve speeches: [Fed's John Williams Says Peak Rate Forecasts Still 'Very Reasonable' - Bloomberg](#), [Fed's Lisa Cook Says More Rate Hikes Needed to Curb Inflation - Bloomberg](#), [Hot US Labor Market Signals More Interest Rate Hikes Needed, Fed's Kashkari Says - Bloomberg](#)

ⁱⁱ Source: Factset

ⁱⁱⁱ Source: National Retail Federation