

## Weekly Update – April 24, 2023

Market Returns Ending 4/21/2023			
Category	1 Week	YTD	1 Year
<b>US</b>			
Large Cap	-0.1%	8.2%	-4.3%
Mid Cap Growth	0.1%	8.6%	-5.2%
Mid Cap Value	0.4%	1.3%	-8.7%
Small Cap	0.6%	2.2%	-9.3%
<b>International</b>			
Developed	0.1%	11.7%	5.0%
Emerging	-1.1%	4.0%	-8.1%
<b>Bonds</b>			
Aggregate	-0.1%	2.9%	-2.1%
High Yield	-0.5%	3.9%	-1.2%

US Equity Style Returns			
	Weekly		
	Value	Core	Growth
Large	-0.1	-0.1	-0.1
Mid	0.4	0.3	0.1
Small	0.2	0.6	1.0
	YTD		
	Value	Core	Growth
Large	2.2	8.0	14.2
Mid	1.3	3.8	8.6
Small	-2.2	2.2	6.4

*Source: Bloomberg*

### Key Events: Rapid Unscheduled Disassembly

Starship’s fiery crash may serve as a metaphor for the economy; the launch was viewed as a success despite an eventual crash.<sup>i</sup>

Likewise, while the SVB blowup was striking, the banking crisis has not yet led to a full-scale credit crunch, despite a rising number of bankruptcies and more difficult credit conditions.<sup>ii</sup>

### Market Review: Slight declines

Markets were relatively calm this week. The S&P 500 lost just 0.1%, while smaller-cap stocks and bonds finished with slight gains. Emerging market stocks lost 1.1% for the week.

High grade bonds were down slightly, while high-yield lost ground due to heightened fears of a credit crunch.

### Outlook: Feeling the effects, but looking past the slowdown

As the chart below shows, the number of bankruptcies is rising, and it’s slowing the economy. Rising S&P valuations increase the chance of a negative market reaction to bad news, and the economy is showing signs of instability: profits are down, mortgage rates remain high, and credit remains difficult to obtain.

The banking crisis has not, however, led to further banking failures. It’s possible the damage remains contained to SVB, which had very unique factors facilitating its fall.

As we look toward the most anticipated recession in history,<sup>iii</sup> we are wise to expect a bumpy ride –both in the economic data and in the markets. While this week’s market action was tame, we are positioned for volatility and ready to take advantage of market weakness. OneAscent portfolios are diversified, and we remain

disciplined in our balanced portfolio allocation.

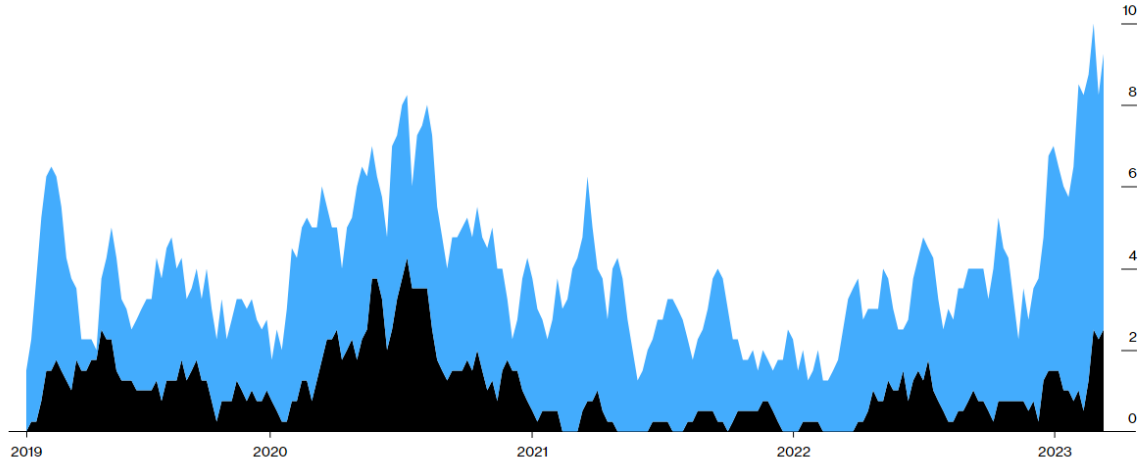


More companies are experiencing a rapid unscheduled bankruptcy

**Bankruptcies Spike Among Small, Private Companies**

Average number of companies filing for bankruptcy each week

■ Public ■ Private



Note: Four-week moving average of consolidated bankruptcy data of US companies with assets of \$10 million or more

Source: UBS Group AG

**Navigator Outlook: April 2023**

**VALUATION**

- Stock valuations remain neutral but are less attractive after strong Q1 returns amidst declining earnings.
- Most bond sectors are attractive relative to history and relative to stocks.
- US large cap stocks remain more expensive than International or Small Caps.

**ECONOMY**

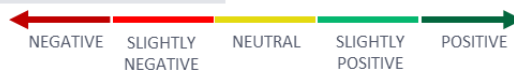
- The banking crisis is likely to lower inflation, allowing a quicker end to rate hikes.
- Manufacturing and services indicators have turned lower as a result of the crisis.
- Margin pressures are causing analysts to cut earnings estimates for 2023.

**SENTIMENT**

- Investor sentiment has shifted to neutral.
- The University of Michigan and Conference Board surveys of Consumer Sentiment have recovered from their recent lows.
- Neutral investor sentiment paired with low but recovering consumer sentiment measures render overall view of Sentiment as neutral.

**TECHNICAL**

- Short-term technical indicators are skewing neutral to negative
- Longer-term indicators are slightly positive for most markets, while 2022 trendlines and moving averages have become levels of support
- Near-term volatility is likely to continue as the market discounts economic uncertainty.



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*professional advisers, including investment advisers and tax advisors. OneAscent can assist in determining a suitable investment approach for a given individual, which may or may not closely resemble the strategies outlined herein.*

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<sup>i</sup> Source: MSN [Starship's fiery crash was still a win for the future of spaceflight. Here's why. \(msn.com\)](#)

<sup>ii</sup> Source: Bloomberg [US Corporate Credit Crunch Means Bankruptcies, Rising Defaults \(bloomberg.com\)](#)

<sup>iii</sup> Source: Bloomberg [What's Happening in the World Economy: The Most-Anticipated Recession Ever - Bloomberg](#)