

"Yesterday's home runs don't win today's games." – Babe Ruth.

MARKETS

Macro Recap: There was a batch of encouraging economic data (May Durable Goods Orders, June Consumer Confidence, May New Home Sales, Weekly Initial Jobless Claims, the upward revision to Q1 GDP, and the May Personal Income and Spending). The U.S. Federal Reserve's preferred gauge for tracking inflation showed that consumer prices rose in May at the slowest monthly pace in two years. The PCE Price Index rose at a 3.8% annual rate, down from a revised 4.3% figure in April. Excluding volatile food and energy prices, core inflation rose 4.6% in May versus 4.7% in April. The third estimate of the U.S. economy's growth in the first quarter showed a markedly stronger result than an earlier report. GDP increased at a 2.0% annualized pace, up from the prior estimate of 1.3%, largely because consumer spending and exports were stronger than estimated previously.

Equity Recap: U.S. stocks regained the ground they had lost the previous week, as mostly positive economic data lifted the S&P 500, the NASDAQ, and the Dow between 2-3% each. For the NASDAQ, it was the ninth positive week out of the past ten. It was a winning week all around. All 11 S&P 500 sectors finished higher. For the month of June, the S&P and NASDAQ gained almost 7% while the DJIA was up by almost 5%. The index that measures investors' expectations of U.S. stock market volatility rose slightly, snapping a string of five weekly declines in a row. On Friday, the VIX closed at 13.6—just above its level before the start of the COVID pandemic and down 32% from a recent high in May.

Bonds/Rates Recap: Yields of U.S. Treasury bonds increased, ending what had been a mostly a stable month for bond yields. The 10-year U.S. Treasury bond yield closed at 3.84% on Friday, up from 3.74% at the end of the previous week. As recently as early April, the yield had been as low as 3.29%. There were reminders, during the week, from Fed Chair Powell, ECB President Lagarde, and BoE Governor Bailey that more tightening will likely be needed to bring down inflation.

INDICES

	Current	Week Ago	Weekly, %/BP Chg	12/31/22	YTD, %/BP Chg
DJIA	34,408	33,724	2.0%	33,147	3.8%
S&P 500	4,450	4,348	2.3%	3,840	15.9%
NASDAQ	13,788	13,493	2.2%	10,466	31.7%
Russell 2000	1,889	1,822	3.7%	1,761	7.3%
KBW Bank Indx	80.2	77.6	3.4%	100.9	-20.5%
VIX	13.6	13.4	1.4%	21.7	-37.3%
Oil (WTI)	\$70.64	\$69.16	2.1%	\$80.26	-12.0%
Prime	8.25	8.25	0.00	7.50	0.75
BTFP Rate	5.25	5.37	-0.12	4.50	0.75
3m Tbill	5.28	5.29	-0.01	4.34	0.94
2yr UST	4.90	4.74	0.16	4.43	0.47
10yr UST	3.84	3.74	0.10	3.87	-0.03
2-10yr UST Spread	-1.06	-1.00	-0.06	-0.56	-0.50
2y AAA Muni/10y UST	59.5%	61.3%	-1.8%	60.4%	-0.9%
10y AAA Muni/10y UST	66.5%	67.8%	-1.4%	68.1%	-1.7%
5yr Inflation Rate	2.19	2.17	0.02	2.38	-0.19

WEEK AHEAD

Monday	Manufacturing PMI, June ISM Manufacturing
Tuesday	Markets closed
Wednesday	May Factory Orders, FOMC minutes
Thursday	June ADP Empl, May JOLTS, June ISM Services PMI
Friday	June Unemployment rate