

Market Flash Report

January 2023

Key Takeaways

- 2023 started off great after a dreary 2022. The S&P 500 was up +6.3% and the tech heavy Nasdaq was up +10.7% for the month. Fixed income markets rallied as treasury yields pushed lower.
- Small caps broadly outperformed large cap equities. Consumer discretionary and telecom sectors led U.S. equity performance. Utilities, health care, and consumer staples were the only negative sectors in January.
- While it was a good month for U.S. equities, it was an even better month for international. European and Japanese equities were up +8.7% and +6.2% in January. Emerging markets were up almost +8% as Chinese equities rallied almost +12%.
- Payrolls surprised again in January and initial and continuing claims dropped throughout the month. The unemployment rate now sits at 3.4%, which is the lowest reading since May 1969. We saw a -0.1% MoM print for headline CPI for December. This reading was driven lower primarily by reductions in oil and natural gas prices.
- Real GDP for Q4 came in better than expected at +2.9% quarter-over-quarter annualized vs. +2.6% estimated. However, this reading was lower than Q3 which came in at +3.2%. Personal consumption remained strong for the quarter but the lack of residential investment continued to be a drag on economic growth. The current real GDP estimate for Q1 2023 is +0.7% according to the Atlanta Fed.

Index Performance (as of 1/31/2023)

	January	Three-Months	One-Year
ARIZONA			
CALIFORNIA			
COLORADO			
FLORIDA			
GEORGIA			
MASSACHUSETTS			
NEW JERSEY			
NEW YORK			
TEXAS			
BELLEVUE, WA			
SEATTLE, WA			
WASHINGTON D.C.			
WYOMING			
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	Current	Prior Month	One-Year Ago
Equity			
U.S. Large Cap	6.3%	5.8%	-8.2%
U.S. Small Cap	9.7%	5.0%	-3.4%
Developed Non-U.S.	8.1%	20.4%	-2.3%
Emerging Markets	7.9%	22.3%	-11.7%
Real Assets			
Real Estate	8.3%	14.1%	-12.7%
Commodities	-0.5%	-0.3%	6.2%
Natural Resource Equities	5.0%	4.5%	27.4%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	3.8%	5.4%	-5.2%
Emerging Market Debt	3.3%	11.7%	-13.1%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	3.1%	6.4%	-8.4%
U.S. Treasuries	2.5%	4.7%	-8.5%
U.S. Municipal Bonds	2.0%	5.4%	-0.7%
Month-End Values/Yield			
CBOE Volatility Index	19.4	21.7	24.8
10-Year Treasury Yield	3.5%	3.9%	1.8%

Disclosures

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U.S. Large Cap Equity is represented by the S&P 500 Index, with dividends reinvested. U.S. Small Cap Equity is represented by the Russell 2000 Index. Developed Non-U.S. Equity is represented by the MSCI EAFE Index. Emerging Market Equity is represented by the MSCI EM Index. Real Estate is represented by the S&P Global Property Index. Commodities are represented by the Bloomberg Commodity Index. Natural Resource Equities are represented by the S&P North American Natural Resources Index. U.S. High Yield Debt is represented by the Bloomberg Barclays U.S. Corporate High Yield Index. Emerging Market Debt is represented by the JPM GMI-EM Global Diversified Index. U.S. Aggregate Bonds is represented by the Bloomberg Barclays U.S. Aggregate Bond Index. U.S. Treasuries is represented by the Bloomberg Barclays U.S. Treasury Index. U.S. Municipal Bonds is represented by the Bloomberg Barclays Municipal 1-10yr Index.