

# Market Flash Report

April 2023

## Key Takeaways

- Back in black! The S&P 500 as of the end of April was back in positive territory on a year-over-year (YoY) basis. The S&P was up +1.6% and the tech heavy Nasdaq was flat for the month.
- Developed ex-U.S. large cap equities were up +2.9% in April and are up almost +12% for the year. European equities were up +4.2% and Japanese were up closer to +0.4% for the month. Developed ex-U.S. equities have outperformed U.S. large caps by +6.3% over the past year. Emerging Market equities were down -1.1% in April as Chinese equities sold off almost -5.2% and join U.S. small caps as underperformers for the year.
- The Federal Reserve agreed to raise the Fed Funds rate to an upper bound of 5.25%. This expected move among other factors prompted the treasury yield curve to invert further in April, which helped long-duration bonds outperform. Riskier bonds (high yield/EM debt) have been rewarded so far in 2023. Credit spreads have not widened much this year and volatility (VIX) has dropped meaningfully.
- The advance report for Q1 real GDP came in a little lighter at +1.1% vs. +1.9% estimated and +2.6% in Q4 2022. Inflation came in a little lower than anticipated and the YoY figure dropped to +5.0% from +6.0%. Headline CPI is now down to its lowest level in nearly two years. The number of jobs added to the economy surprised to the upside and unemployment rate fell slightly, but jobless claims, continuing claims, job openings, and layoffs all continued to weaken. Retail sales were weak as well and while the manufacturing sector data improved, it entered its longest contractionary streak since 2009.
- The turmoil in the banking sector has not caused much distress among public equities to this point. Large cap financials were up in April after being down -9.6% in March. The S&P 500 gained +5.0% over the past two months while regional banks dropped -37.3%.

## Index Performance (as of 4/30/2023)

		April	Year-to-Date	One-Year
ARIZONA	Equity			
CALIFORNIA	U.S. Large Cap	1.6%	9.2%	2.7%
COLORADO	U.S. Small Cap	-1.8%	0.9%	-3.6%
D.C. METRO AREA	Developed Non-U.S.	2.9%	11.8%	9.0%
FLORIDA	Emerging Markets	-1.1%	2.9%	-6.1%
GEORGIA	Real Assets			
MASSACHUSETTS	Real Estate	2.0%	2.3%	-14.6%
NEW JERSEY	Commodities	-0.8%	-6.1%	-16.6%
NEW YORK	Natural Resource Equities	1.8%	-1.1%	5.9%
RHODE ISLAND	Fixed Income			
TEXAS	Core Plus			
WASHINGTON	U.S. High Yield Debt	1.0%	4.6%	1.2%
WYOMING	Emerging Market Debt	1.1%	6.8%	7.5%
	Core Bonds			
	U.S. Aggregate Bonds	0.6%	3.6%	-0.4%
	U.S. Treasuries	0.5%	3.6%	-0.9%
	U.S. Municipal Bonds	-0.3%	1.6%	3.3%
		Current	Prior Month	One-Year Ago
	Month-End Values/Yield			
	CBOE Volatility Index	15.8	18.7	33.4
	10-Year Treasury Yield	3.4%	3.5%	2.9%

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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.