

DATE: March 06, 2023



TALKING POINTS: *This weeks' conversation starters for advisors to educate and inform your clients*

Market News

- The week presented an array of mixed economic reports, with overall durable goods orders posting sizable declines not seen since April 2020 and wholesale inventories reporting their first reported decline since July 2020. Conversely, retail inventories, excluding autos, rose slightly. One of the week's more surprising reports showed an 8.1% month-over-month jump in pending home sales for January.
- Global yields continued to move higher last week over fears rates could continue to move higher for longer than expected after the mixed economic report releases. Ultimately, the 10-Year and 2-Year U.S. Treasury yields finished at 3.97% and 4.86%, respectively.
- Comments from Atlanta Federal Reserve President Raphael Bostic may have contributed to a modest rally Thursday after optimistic comments related to the Fed's rate hike schedule. He remains supportive of only a quarter-point rate hike at the upcoming Fed policy meeting, even with the hot inflation prints that have been released recently. He also stated that the Fed could possibly be in the position to pause by the later half of the summer.

PFG Strategy News

- After a negative month in February, the first week of March was positive for U.S. equity markets, and generally for U.S. Fixed Income markets as well, with the exception of mortgage-backed securities.
- Increased volatility in the markets and the weekly equity style factor rotations (value vs. growth outperformance) supports the idea of diversification for long term investors
 - PFG's Target PLUS models seek to incorporate strategic strategies acting as anchors for long-term investing, such as the PFG American Funds Growth Strategy, which was out of favor for most of 2022, but has performed better as growth equities have seen intermittent weekly rallies. Another example is PFG's Active Core Bond Strategy which takes a strategic approach to its fixed income investments, acting as ballast for equity/bond portfolios
 - Within the Target PLUS models is PFG's Tactical Income Strategy, one of the top active return contributors to the models YTD. It takes a more active, tactical approach to investing in order to take advantage of the dislocations in the markets, managed with a rules-based high yield fixed income approach and dynamic equity positioning overweight in small cap, mid caps, and Asia equities

CHART OF THE WEEK:

Fed Funds Rate and Inflation Start to Converge



The chart to the left illustrates that the inflation rates (both headline and core) and the Fed Funds rate are beginning to converge as the recent inflation prints have begun to ease. These leads Edward Jones to believe that the Fed will likely pause hiking rates by mid-2023.

Chart Source:
<https://www.edwardjones.com/us-en/market-news-insights/stock-market-news/stock-market-weekly-update>

THE WEEK AHEAD

Monday, March 06:

- Factory Orders

Tuesday, March 07:

- Wholesale Inventories
- Consumer Credit

Wednesday, March 08:

- ADP Employment
- U.S. Trade Balance
- Job Openings (JOLTS)

Thursday, March 09:

- Jobless Claims

Friday, March 10:

- Employment Report
- U.S. Unemployment Rate
- Federal Budget

MODEL HIGHLIGHT



The Target PLUS models are designed to provide key enhancements to traditional target date investing, pairing best-in-class equity managers with best-in-class fixed income managers. While the models are constructed with a Strategic, long-term investing horizon in mind, they also provide some Tactical exposure, which can help buffer losses during volatile markets. The underlying holdings provide both Active management, via individual stock or bond selection, and Passive investing, via lower-cost, passive exposure to a specific index or benchmark. We believe the combination of these elements can deliver greater diversification, improved risk management, and enhanced returns.

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Weekly YTD

Equities		
S&P 500 Index	1.96%	5.69%
Dow Jones Industrial Average	1.85%	1.15%
NASDAQ Composite Index	2.61%	11.87%
MSCI EAFE NR	1.81%	6.77%

Fixed Income

U.S. Aggregate Bond Index	0.12%	0.28%
U.S. Corporates	0.38%	0.86%
U.S. High Yields	0.78%	2.79%

Rates 3/3/2023 2/24/2023

30-Year US Treasury	3.90%	3.93%
10-Year US Treasury	3.97%	3.95%
2-Year US Treasury	4.86%	4.78%
Prime Rate	7.75%	7.75%
30-Year Fixed Mortgage	6.71%	6.71%

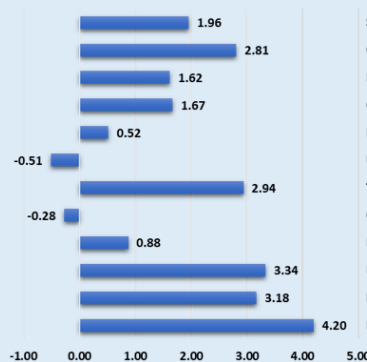
Commodities (Levels) 3/3/2023 12/30/2022

Oil (WTI)	\$78.16	\$80.16
Gold	\$1,841	\$1,814
Silver	\$21.09	\$23.95
Copper	\$8,945	\$8,387
Corn	\$6.10	\$6.14

Weekly

	Value	Blend	Growth
Large	1.53%	1.96%	2.48%
Mid	1.68%	2.16%	3.04%
Small	1.36%	2.05%	2.72%

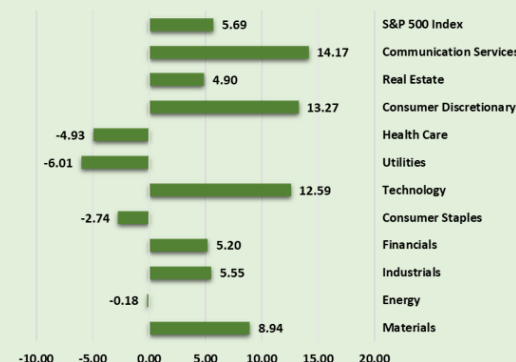
Sector Performance



YTD

	Value	Blend	Growth
Large	3.36%	5.69%	9.25%
Mid	6.51%	7.92%	10.55%
Small	8.31%	9.70%	11.06%

Sector Performance



Important Disclosures

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The indices are presented as broad-based measures of the equity, fixed income and consumer markets. The indices are provided for comparative and illustrative purpose to provide a comparison of the model against the broader based equity, fixed income and consumer market. The indices are not intended to reflect the investment objectives of the model as the securities held within the model will differ in market volatility, concentration, investment objectives and diversification among others from those of the indices. The indices are not managed, and returns do not reflect the deduction of fees, expenses, transaction costs or taxes that actual client accounts are subject to. Investors cannot invest directly in an index. Returns are not annualized for periods less than 1 year.

Trailing Major Index Returns and YTD S&P Sector Returns are sourced from Morningstar Direct.

All other economic and market data sources may include, and is not limited to:

- JPMorgan Asset Management, publicly available at <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/market-updates/weekly-market-recap/>
- Edward Jones, publicly available at <https://www.edwardjones.com/us-en/market-news-insights/stock-market-news/stock-market-weekly-update>
- Goldman Sachs, publicly available at <https://www.gsam.com/content/gsam/us/en/advisors/market-insights.html>
- T. Rowe Price, publicly available at <https://www.troweprice.com/personal-investing/resources/insights/global-markets-weeklyupdate.html>