

DATE: May 08, 2023



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

Market News

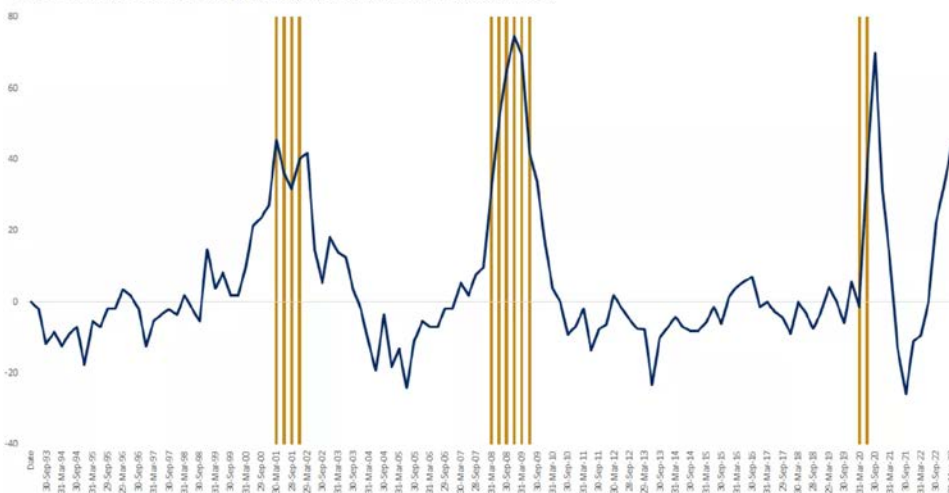
- U.S. Equities finished the week mixed, with the Dow Jones Industrial Average and the S&P 500 Index finishing at -1.23% and -0.78%, respectively, while the NASDAQ locked in a slight gain of 0.09%.
- Last weeks U.S. labor market report showed job openings had fallen 380k to 9.59 million in March, marking its third consecutive month of declines, indicating there is about 1.6 job openings per unemployed person. Nonfarm payrolls painted a more resilient picture of the labor market, adding 253k new jobs in April, much higher than expectations. Lastly, the unemployment rate fell to 3.4%, and hourly earnings increased 0.5% month-over-month.
- The Fed increased interest rates by 25bps at the FOMC meeting last week, bringing the target range of the benchmark fed funds rate to 5.00% - 5.25%. The Fed emphasized that further action would be contingent on incoming economic developments and data.
- Following JPMorgan Chase's acquisition of California-based First Republic Bank two weekends ago, additional West Coast-based regional banks saw substantial share price declines, names of which include PacWest Bancorp, Zions Bank, and Western Alliance. All together, the financials sector finished -2.6% lower for the week.

PFG Strategy News

- The Index PLUS models include some of the top performing PFG Strategies so far this year. Key contributors to the model set's performance include the PFG Fidelity Institutional Equity Index and Sector Strategies.
- The PFG Fidelity Institutional AM Equity Index Strategy's exposure to the Fidelity Global ex US Index fund, a passive fund which uses a number of statistical sampling techniques to mimic the performance of the MSCI ACWI ex USA index, has been a major contributor to its performance this year.
- The PFG Fidelity Institutional AM Equity Sector Strategy's performance is largely attributed to its exposure to technology, information technology, and consumer discretionary.

CHART OF THE WEEK:

Credit Standards Have Been Tightening, Even Prior to the Banking Turmoil



The chart above shows just how the bank lending standards have been tightening well before any of the banking turmoil we have seen this year. The blue line represents the U.S. Senior Loan Officer Survey (%Tightening Standards, Small Firms), and the yellow lines represent U.S. recessionary periods. The credit tightening makes it more difficult for corporations and consumers to get loans, subsequently puts downward pressure on economic activity as a whole.

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

THE WEEK AHEAD

Monday, May 08:

- Wholesale Inventories

Tuesday, May 09:

- U.S. Job Openings
- Factory Orders

Wednesday, May 10:

- Headline Consumer Price Index
- Core Consumer Price Index

Thursday, May 11:

- Headline Producer Price Index
- Core Producer Price Index
- Initial & Continuing Jobless Claims

Friday, May 12:

- Import Price Index
- Preliminary Consumer Sentiment

MODEL HIGHLIGHT



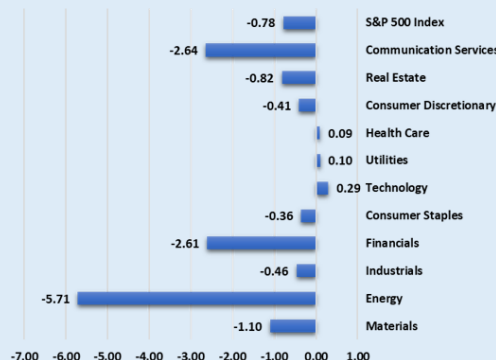
With increased interest in passive, low-cost investing, our Index PLUS models offer investors broad market exposure using lower cost, Passive holdings, which are then complemented with Tactical strategies. Working with two of the largest players in the index space, the Tactical strategies include an all-equity ESG strategy and a business-cycle sector rotation strategy, both of which remain fully invested in equities but tactically adjust allocations between various asset classes, sectors, or regions. Combining these Tactical strategies with a Passive allocation provides a twist on purely passive equity investing.

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	Weekly	YTD
Equities		
S&P 500 Index	-0.78%	8.33%
Dow Jones Industrial Average	-1.23%	2.25%
NASDAQ Composite Index	0.09%	17.22%
MSCI EAFE NR	0.16%	11.70%
Fixed Income		
U.S. Aggregate Bond Index	-0.05%	3.53%
U.S. Corporates	-0.50%	3.74%
U.S. High Yields	-0.38%	4.21%
Rates		
	5/5/2023	4/28/2023
30-Year US Treasury	3.76%	3.67%
10-Year US Treasury	3.44%	3.40%
2-Year US Treasury	3.92%	4.04%
Prime Rate	8.25%	8.00%
30-Year Fixed Mortgage	6.50%	6.50%
Commodities (Levels)		
	5/5/2023	12/30/2022
Oil (WTI)	\$68.56	\$80.16
Gold	\$2,001	\$1,814
Silver	\$25.84	\$23.95
Copper	\$8,488	\$8,387
Corn	\$6.10	\$6.14

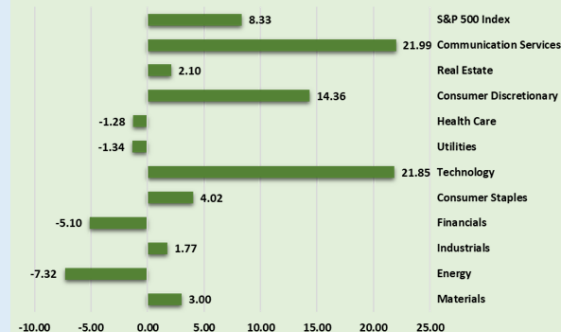
Weekly			
	Value	Blend	Growth
Large	-1.70%	-0.78%	0.12%
Mid	-1.41%	-1.19%	-0.80%
Small	-1.17%	-0.49%	0.13%

Sector Performance



YTD			
	Value	Blend	Growth
Large	0.78%	8.33%	15.63%
Mid	-0.10%	2.28%	6.69%
Small	-4.27%	0.40%	4.98%

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-marketweekly-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>