

MARKET VIEW WEEKLY

Philip Blancato, Chief Market Strategist, Advisor Group

ECONOMIC REVIEW¹

- Headline inflation was reported in line with consensus, rising +0.4% in April, a slight re-acceleration from March’s print.
 - The Consumer Price Index (CPI) twelve-month comparison cooled to a +4.9% annual pace, ticking below +5.0% for the first time in two years.
- Core CPI, which excludes volatile energy and food categories, rose +0.4% for the month and +5.5% year over year, with the primary driver being shelter costs, the biggest services component of the index.
 - Though the 0.4% gain in shelter in April was the lowest in a year.

April 2023			
CPI month-over-month	0.4%	PPI month-over-month	0.2%
CPI year-over-year	4.9%	PPI year-over-year	2.3%
Core CPI month-over-month	0.4%	Core PPI month-over-month	0.2%
Core CPI year-over-year	5.5%	Core PPI year-over-year	3.2%

- The Producer Price Index (PPI) bounced back in April rising a modest +0.2%, slightly below consensus expectations of +0.3%.
 - PPI, which provides a reading on price levels further up the supply chain, showed that most of the gain in producer prices was due to an increase in services.
 - The twelve-month comparison moderated to +2.3%, significantly down from the +11.7% peak in March 2022.
- The University of Michigan’s Consumer Sentiment Survey fell to a six-month low of +57.7 in May down from April’s +63.5.

How do the CPI, PPI, and Consumer Sentiment impact you?

- The much talked about subset category of inflation known as “Super Core” – which excludes food, energy, other goods, and housing rents, increased only 0.1% in April.
- The April PPI print may come as a welcome sign for the Fed, although increases in the Healthcare and Airfare categories will bleed through to sticky PCE readings that policymakers are watching closely.
- April’s CPI and PPI coupled together show signs of easing pressures, a positive for the Fed’s plan to tame inflation, increasing the possibility the central bank may refrain from raising interest rates further at the next meeting in mid-June.
- Consumer sentiment showed inflation expectations rose and consumer optimism declined, signaling survey respondents perceive an increased risk of a recession.

A LOOK FORWARD¹

- April retail sales will be released on Tuesday with consensus expectations coming in at +0.8%, an increase from last month’s -0.6%.
- Homebuilder sentiment, housing starts, and building permits will come out on Wednesday and are each expected to come in near consensus.

How do Retail sales and Housing data impact you?

- The NY Fed’s latest survey of consumer expectations indicates a decline in the outlook for spending growth, hinting at slightly lower retail sales numbers.
- Elevated mortgage rates likely weaken positivity for homebuilder sentiment, housing starts, and building permits.



MARKET UPDATE²

Market Index Returns as of 05/12/23	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500 TR USD	-0.24%	0.53%	8.07%	4.26%	15.34%	10.54%
NASDAQ Composite TR USD	0.44%	0.60%	17.74%	5.00%	12.37%	11.66%
DJ Industrial Average TR USD	-1.04%	0.25%	1.19%	5.67%	15.04%	8.36%
Russell Mid Cap TR USD	-0.73%	-2.42%	1.54%	-0.63%	14.79%	7.00%
Russell 2000 TR USD	-1.04%	-3.29%	-0.65%	-1.40%	13.60%	2.97%
MSCI EAFE NR USD	-0.67%	2.29%	10.95%	12.59%	12.23%	3.31%
MSCI EM NR USD	-0.86%	-1.48%	2.42%	-0.24%	4.79%	-1.13%
Bloomberg US Agg Bond TR USD	-0.23%	0.33%	3.30%	-0.48%	-3.14%	1.14%
Bloomberg US Corporate High Yield TR USD	-0.05%	0.56%	4.15%	3.24%	4.36%	3.15%
Bloomberg Global Aggregate TR USD	-0.46%	0.13%	3.14%	-1.66%	-3.76%	-0.90%



OBSERVATIONS

- Equities were broadly down for the week with the lone exception of the growth-oriented NASDAQ (+0.44%).
 - International stocks also fared poorly with both EAFE (-0.67%) and EM (-0.86%) slumping.
 - The biggest laggards were value-oriented blue chips and small-cap, with the DJ Industrial Average and Russell 2000 both down (-1.04%).
- Bonds were also negative domestically and globally, although US Corporate High Yield performed slightly better.
 - The Bloomberg US Aggregate Bond Index declined -0.23%, while the US Corporate High Yield Index fell -0.05%.
 - The Bloomberg Global Aggregate Bond Index fell -0.46%.



BY THE NUMBERS

- Group agrees to buy Washington Commanders from Snyder family for record \$6 billion³:** ASHBURN, Va. — A group led by Josh Harris that includes Magic Johnson has agreed to buy the NFL's Washington Commanders from longtime owner Dan Snyder and his family. The sides announced the deal in a joint statement Friday, roughly a month after they reached an agreement in principle on the sale for a record \$6.05 billion. The deal is the largest for a North American professional sports franchise, surpassing the \$4.55 billion Walmart heir Robert Walton paid for the Denver Broncos last year. It is still pending approval of three-quarters of the owners and other customary closing conditions.
- Big Lithium Producers to Merge⁴:** ADELAIDE, Australia—Lithium producers Livent and Allkem said they had agreed to a merger that will create a global mining company worth \$10.6 billion, illustrating how a surge in demand for the battery mineral used in electric vehicles is sparking a rush to do deals. The all-stock transaction will result in shareholders of U.S.-based Livent owning around 44% of the combined company, with shareholders of Australia-listed Allkem holding the remaining stock, the companies said in a joint statement Wednesday. The enlarged company will have its headquarters in North America and a primary listing on the New York Stock Exchange. The merger would bring together lithium mines and deposits in Canada, Australia, and South America with a network of chemical-processing plants, including in the U.S. and China, where some of the world's biggest manufacturers of electric vehicles are located.

Economic Definitions

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Producer Prices - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e., prices received by domestic producers for their outputs either on the domestic or foreign market).

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

University of Michigan Consumer Sentiment Index: Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: representative sample of US households (excluding Alaska and Hawaii). Surveys of Consumers collects data on consumer attitudes and expectations summarized in the Consumer Sentiment, in order to determine the changes in consumers' willingness to buy and to predict their subsequent discretionary expenditures. This Index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Components of the Index of Consumer Sentiment are included in the Leading Indicator Composite Index. Unit: Index (Q1 1966=100)

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

Building Permits: This concept tracks the number of permits that have been issued for new construction, additions to pre-existing structures or major renovations. These statistics are based on the number of construction permits approved.

Housing Starts: Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

Homebuilder Sentiment: The NAHB/Wells Fargo Housing Market Index (HMI) is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market. The survey asks respondents to rate market conditions for the sale of new homes at the present time and in the next six months as well as the traffic of prospective buyers of new homes.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

Disclosures

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance cannot guarantee future results.

The statements provided herein are based solely on the opinions of the Advisor Group Research Team and are being provided for general information purposes only. Neither the information nor any opinion expressed constitutes an offer or a solicitation to buy or sell any securities or other financial instruments. Any opinions provided herein should not be relied upon for investment decisions and may differ from those of other departments or divisions of Advisor Group or its affiliates. Certain information may be based on information received from sources the Advisor Group Research Team considers reliable; however, the accuracy and completeness of such information cannot be guaranteed. Certain statements contained herein may constitute "projections," "forecasts" and other "forward-looking statements" which do not reflect actual results and are based primarily upon applying retroactively a hypothetical set of assumptions to certain historical financial information. Any opinions, projections, forecasts and forward-looking statements presented herein reflect the judgment of the Advisor Group Research Team only as of the date of this document and are subject to change without notice. Advisor Group has no obligation to provide updates or changes to these opinions, projections, forecasts and forward-looking statements. Advisor Group is not soliciting or recommending any action based on any information in this document.

Securities and investment advisory services are offered through the firms: FSC Securities Corporation, Royal Alliance Associates, Inc., SagePoint Financial, Inc., Triad Advisors, LLC, Infinex Investments, Inc., and Woodbury Financial Services, Inc., broker-dealers, registered investment advisers, and members of FINRA and SIPC. Securities are offered through Securities America, Inc., American Portfolios Financial Services, Inc., and Ladenburg Thalmann & Co., broker-dealers and member of FINRA and SIPC. Advisory services are offered through Arbor Point Advisors, LLC, American Portfolios Advisors, Inc., Ladenburg Thalmann Asset Management, Inc., Securities America Advisors, Inc., and Triad Hybrid Solutions, LLC, registered investment advisers. Advisory programs offered by FSC Securities Corporation, Royal Alliance Associates, Inc., SagePoint Financial, Inc., Securities America Advisors, Inc., Triad Advisors, LLC., and Woodbury Financial Services, Inc., are sponsored by VISION2020 Wealth Management Corp., an affiliated registered investment adviser. 5686079

¹ Data Obtained from Bloomberg as of 05/12/2023.

² Data Obtained from Morningstar as of 05/12/2023.

³ [Group agrees to buy Washington Commanders | NPR.org](#)

⁴ [Livent, Allkem Agree to Create \\$10.6 Billion Lithium Producer - WSJ](#)