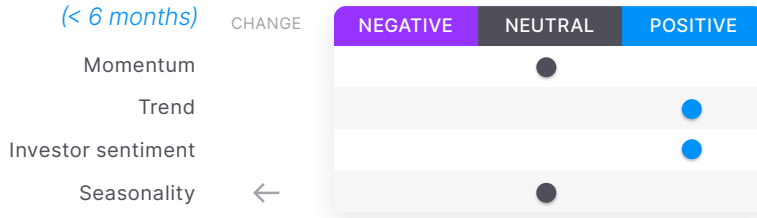


Brinker Capital Market Barometer

The balancing act for markets continued in April as participants continue to weigh the probability of an economic slowdown versus a recession. Despite the variety of headlines and risks, both equity and fixed income markets eked out small gains during the month. Inflation continues to moderate, and the consensus expectation is that the Federal Reserve will pause rate hikes after the additional 25 bp increase at the beginning of May. Despite the additional hike, the market is calling a bluff on the Fed’s hawkish rhetoric as the 2-Year Treasury has continued to rally leading to a widening gap between the fed funds rate and two-year yield. The banking sector continues to be in focus as First Republic Bank was taken into receivership by the FDIC and ultimately purchased by JPMorgan. The big banks continue to get bigger, but for now additional financial stress on the regional banks appears to have subsided. The labor market remains robust as payrolls continue to come in above expectations. Actual payroll growth has now outpaced forecasts for 13 consecutive months, an unprecedented streak for a historically mean reverting dataset. The consumer continues to prop up an otherwise slowing economy which was highlighted by the Q1 GDP report released during the month. Earnings season got off to a solid start with over half the companies reporting and earnings declines less negative than analysts expected. This resiliency removes a headwind for the bullish trending market as we move into the summer months amid a cloudy macro environment.

Short-term Factors

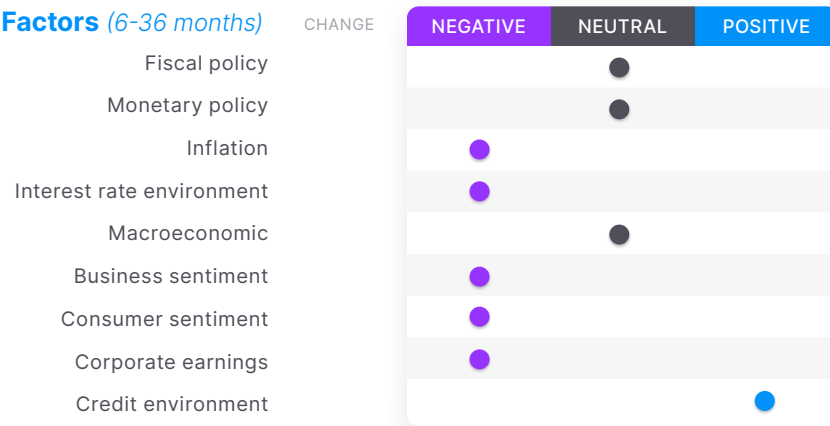
(*< 6 months*)



Market momentum continued in April; 12-month US returns are flat but foreign markets faring better
 Most global equity markets are above upward-sloping moving averages (small cap notable exception)
 Sentiment remains subdued despite strong market YTD; tepid equity flows amid competition for capital
 Sell in May heuristic is overstated but forward 3-month returns in this period only about average

Intermediate-term Factors

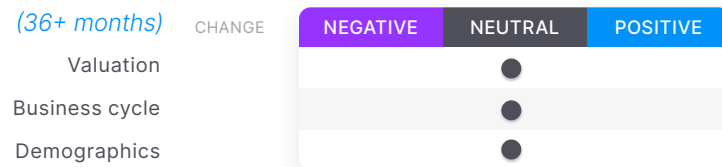
(*6-36 months*)



Yellen has stated a June 1st X-date; increasing pressure for a deal to suspend or raise debt ceiling
 Fed hiked rates by an additional 25 bps but messaging opens the door for a pause moving forward
 Inflation continues its moderating trajectory but remains well above Fed’s long term target
 Deep yield curve inversion signals growth warning; elevated rate volatility affecting cost of capital
 Global PMIs show contraction; labor market strength continues despite slowdown/recession fears
 Business confidence measures remain subdued as a growth slowdown is expected
 Consumer sentiment is off its lows but remains at depressed levels
 Q1 earnings growth negative but decline not as bad as feared; margin compression stabilized for now
 Spreads widened modestly on banking stress but overall environment remains relatively tame

Long-term Factors

(*36+ months*)



U.S. equity valuations near long-term averages; overseas markets below average valuations
 Q1 GDP growth positive but well below expectations; consumer spending sustaining economic activity
 Emerging markets possess more favorable trends overall than developed markets

Summary



Short-term factors

had a change in seasonality from positive to neutral. While the sell in May heuristic is overstated, the forward return outlook at this point in the calendar cycle is roughly average.



Intermediate-term factors

were unchanged during the month.



Long-term factors

remain neutral and are unchanged from the previous month.

Ready to learn more? Contact us today for more information [→](#)

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Source: Brinker Capital. Information is accurate as of April 12, 2023. Themes and specific funds utilized to implement themes are discussed within the context of Brinker Capital's managed asset allocations and are based on current market conditions and constitute Brinker Capital's judgment and opinions, which are subject to change without notice. Past performance does not guarantee future results. Statements referring to future actions or events, such as the future financial performance of certain asset classes or market segments, are based on the current expectations and projections about future events provided by various sources, including Brinker Capital's Investment Management Group. These statements are not guarantees of future performance and actual events may differ materially from those discussed. Orion Portfolio Solutions, LLC d/b/a Brinker Capital Investments a registered investment advisor.