Weekly Wire

Good Vibrations

By Rusty Vanneman, CMT, CFA, BFA™

Last week the S&P 500 finished at its highest price level since August. The Nasdag also gained ground for the 7th consecutive week and is also at its highest levels since last August. In addition, the S&P 500 was able to gain 20% from its October lows from last year, which qualifies as a new bull market according to the classic definition. Although it took nearly 8 months from the lows to get to a 20% gain (in fact, that's the slowest since 1957 to get from low to bull market status), it also one of the shortest and least painful bear markets of the past 50 years according to the Independent Vanguard Adviser newsletter, which referred to the vanguished bear market as a "Teddy Bear Market." Yet more good vibes in the markets includes investor sentiment (from AAII) turning bullish for the first time in 16 weeks, snapping its fourth longest bearish sentiment streak since 1987. It is also this survey's highest bullish sentiment reading since the week of November 11, 2021. It was also the biggest one-week jump since November 2020.

Can the good vibrations continue? This week has a lot going on, including key inflation data both Monday and Tuesday, as well as the Federal Reserve decision on Wednesday. As for the expectations on both coming into the week, it is expected that inflation will continue to drop (albeit still at higher levels than desired) and that Fed will "pause" raising rates, or at least a "skip", which means they would pause now and likely raise rates later.

Stay invested. Stay diversified. Stay disciplined.

Data Point	Expectation	Release Date		
Consumer Price Index (CPI) YoY	4.0%	6/13/2023		
Core CPI YoY	5.3%	6/13/2023		
Producer Price Index (PPI)	-	6/14/2023		
Core PPI YoY	-	6/14/2023		
Fed Interest Rate Decision	No Hike	6/14/2023		
US Retail Sales	-0.1%	6/15/2023		
Industrial Production	0.1%	6/15/2023		
Capacity Utilization	79.6%	6/15/2023		

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Rate	ThisWeek	1 Wk Δ%	
13-Wk Treasury Yield	5.10%	-0.12%	
10-Yr Treasury Yield	3.75%	0.06%	
Bloomberg US Agg Yield	4.83%	0.05%	
Avg Money Mkt Yield	4.91%	0.00%	
Avg 30-Yr Mortgage Rate	7.06%	-0.02%	

Key Economic Data Last Week						
Data Point	Expectation	Actual				
ISM Services	52.3%	50.3%				
Consumer Credit	\$22.8B	\$23.0B				
Wholesale Inventories	-0.2%	-0.1%				

Security Name	onds, Alterna Risk Score*	1Wk 4%	1 Mo Δ%	QTD A%	ΥΤΟ Δ%	12 Mo Δ%
Global Equities (60% US, 40% Intl)	100	0.67%	2.76%	3.65%	11.00%	6.95%
S&P 500 Total Return	110	0.41%	4.57%	4.95%	12.82%	8.86%
Morningstar US Large Cap	110	0.24%	5.12%	6.00%	15.17%	10.38%
Morningstar US Mid Cap	122	0.88%	3.07%	0.68%	4.38%	1.64%
Morningstar US Small Cap	128	1.72%	5.39%	2.64%	7.67%	3.40%
Morningstar US Value	98	1.25%	2.28%	1.45%	1.63%	2.78%
Morningstar US Growth	146	0.23%	7.38%	7.08%	22.91%	10.55%
MSCI ACWI EX USA	88	0.98%	-0.24%	1.96%	9.10%	4.67%
MSCI EAFE	94	0.65%	-1.04%	2.09%	10.89%	9.54%
MSCI EM	86	1.90%	2.33%	1.80%	5.89%	-2.91%
Bloomberg US Agg Bond Index	35	-0.15%	-0.85%	-0.92%	2.01%	-1.50%
Bloomberg Commodity Index	94	1.24%	-2.06%	-3.35%	-8.54%	-23.11%
Wilshire Liquid Alternative Index	23	0.20%	0.54%	0.79%	2.00%	-0.37%
US Dollar**	42	-0.21%	1.94%	0.82%	-0.17%	0.78%
Bloomberg US Treasury Bill 1-3mo	1	0.11%	0.46%	0.93%	2.03%	3.47%

Brinker Capital Five Factor Market Barometer

CHANGE	NEGATIVE	NEUTRAL	POSITIVE	 Fundamental indicators include factors such as corporate earnings, profitability, and the credit environment. While Q1 e12-month earnings declined on a year-over-year basis, they came in
Fundamentals We invest to participate in company success. Over time, stock prices follow earnings.		•		 stronger than expected Trailing earnings may have troughed and are starting to move higher again Revenue growth was positive during the quarter and margins expanded from prior quarter While corporate credit spreads haven't widened substantially, absolute levels are restrictive
Valuation How much do we pay for those fundamentals? Starting points matter.	•			 Valuation indicators include factors such as price multiples and the Cyclically adjusted price-to-earnings (CAPE) ratio. Domestic large cap valuations remain on the higher end of history Excitement around AI is boosting some tech stocks to extreme valuations Small cap stocks, developed international, and emerging markets are attractively valued. Fixed Income yields are relatively attractive compared to stock market yields
Interest Rates Both the level and trend of interest rates impact earnings and valuations.	•			 Interest Rate indicators include factors such as the interest rate environment and inflation Deep yield curve inversion persists Commercial mortgage-backed securities (CMBS) and Mortgage backed securities (MBS) spreads signal stress in the real estate market Services inflation remains sticky and may cause CPI readings to remain higher for longer While rates remain near cycle highs, the expectation is for lower rates across the curve moving forward
Policy Monetary and fiscal policy impact interest rates, valuations, and earnings.		•		 Policy indicators include factors such as monetary and fiscal policy. The fed remains hawkish in their rhetoric despite the expectation for a pause in rate hikes at the June meeting The Fed balance sheet is still large and financial condition surveys remain unrestrictive US debt default was averted; deal broadly unimpactful to the course of fiscal policy Third year of Presidential Cycle usually suggests supportive monetary and fiscal policy
Behavioral Over the short term, the market is like a voting machine.			•	 Behavioral indicators include factor such as sentiment, momentum, trend, and breadth. Upward trends in equity market remain intact Sentiment remains negative (to a historical degree) which is a contrarian bullish signal The offset is a narrowly led and increasingly concentrated domestic market, but research shows this hasn't historically been bearish for markets

THE MARKET BAROMETER ightarrow

The Market Barometer captures the Brinker Capital's 12-month plus market outlook. It is updated each month by the Orion Asset Allocation Committee. Standard inputs include proprietary reports produced by the Orion Discretionary Investment Team. The Barometer reflects current positioning in investment portfolios. The Barometer is also used as a basis for market outlook presentations.