STRAIGHTLINE

EDUCATE PLAN INVEST

Weekly Update

2/6/23

		Last Week	YTD Returns
Domestic Equities	S&P 500	1.64%	7.86%
International Developed	MSCI EAFE	0.46%	9.07%
Emerging Market	MSCI EM	-1.18%	8.67%
Fixed Income	Bloomberg US Agg Bond	0.03%	3.02%

Index returns are from YCharts and are calculated on a total return basis, with dividends reinvested.

Markets were mostly higher last week, as the busy week had something for everyone. Earnings continue to paint a mixed picture, with many large tech companies showing signs of near-term weakness while other sectors and industries look to be doing fairly well. As expected, the Fed raised rates by another 0.25%, the smallest hike since they started the process. Also, for the first time since they began raising rates, they presented a less hawkish tone at their press conference, even mentioning disinflation in the economy. Even though the Fed has not changed its outlook, markets rallied on what seemed like a shift in rhetoric. However, the good mood was short-lived as Friday's stellar jobs report dashed the hopes of any impending shift in policy. December's jobs report showed 517,000 jobs added, smashing the consensus estimate of 188,000. This news, coupled with an upward revision of 71,000 jobs added over the prior two months, helped push the unemployment rate to a 53-year low at 3.4%. Markets continue to price in just one more rate hike with rate cuts by the end of the year. Data like the recent jobs report may force the Fed to keep raising rates at this slower pace, while almost certainly eliminating any chance for cuts. A lot can happen in the coming months, but the disconnect between market and Fed expectations will be one to watch closely.