



STRAIGHTLINE
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Weekly Update

3/6/23

| | | <u>Last Week</u> | <u>YTD Returns</u> |
|-------------------------|-----------------------|------------------|--------------------|
| Domestic Equities | S&P 500 | 1.96% | 5.69% |
| International Developed | MSCI EAFE | 1.81% | 6.80% |
| Emerging Market | MSCI EM | 1.68% | 3.44% |
| Fixed Income | Bloomberg US Agg Bond | 0.12% | 0.28% |

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

As inflation has proved more resilient than expected, investors have had little choice but to adjust their expectations. Markets are now pricing in three more 0.25% rate hikes this year, with virtually no expectation of rate cuts. This is a meaningful departure from where we started the year and in our view reflects a more reasonable set of expectations. Naturally, markets have had to adjust to these new expectations, and this was a leading driver of February's declines. We would not be surprised to see markets stage at least a brief rally from here, as we are cautiously optimistic about the near-term outlook.