STRAIGHTLINE
EDUCATE PLAN INVEST

Weekly Update

5/15/23

		Last Week	YTD Returns
Domestic Equities	S&P 500	-0.24%	8.07%
International Developed	MSCI EAFE	-0.63%	11.32%
Emerging Market	MSCI EM	-0.85%	2.51%
Fixed Income	Bloomberg US Agg Bond	-0.23%	3.30%

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

Markets were modestly lower last week, as banking fears and the debt ceiling continue to weigh on equities. Seemingly every week there is a new regional bank in the spotlight for all the wrong reasons, and people are starting to get nervous about the lack of a debt ceiling deal as we near the summer. On that front, we continue to expect a last-minute deal, and markets seem to be expecting the same, as volatility has not picked up materially. Outside of this area, the data has generally looked alright. Earnings have been better than expected, recent manufacturing data showed an uptick in activity, labor markets remain strong, and projections for Q2 GDP are looking no worse than the first quarter. Meanwhile, at their May meeting the Fed acted as anticipated, hiking rates another 0.25% and indicating that they are ready to pause at this level for some time. Rather than raising rates at every meeting they intend to take things on more of a case-by-case basis. Markets continue to bet on a pause for now, with rate cuts coming as soon as September. We maintain the view that the Fed will not cut rates unless there is a notable deterioration in either broad economic data or the labor market, neither of which is giving off those signals currently.