

Economic Calendar

Monday, May 29

Markets Closed for Memorial Day Observation.

Tuesday, May 30

S&P/Case-Shiller Home Price Index, Consumer Confidence, Dallas Fed Index.

Wednesday, May 31

Chicago PMI, Job Openings.

Thursday, June 1

ADP Employment Survey, Challenger Layoffs, Jobless Claims, ISM Manufacturing PMI.

Friday, June 2

Nonfarm Payrolls, Unemployment Rate.

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[Inflation-Adjusted Consumer Spending Up 2.3% from a Year Ago](#)

[Bond Yields Jumped on Debt Ceiling Uncertainty](#)

[S&P 500 P/E Premium Over Small Cap Disconnect](#)

[The Week Ahead Video](#)

WEEKLY RECAP

May 22-26, 2023 Recap

S&P 500 Snaps Two-Week Losing Streak

Nasdaq Jumps Over Two Percent

The major U.S. equity indices ended mixed last week amidst favorable prospects for a debt-ceiling deal to be reached over the weekend. The week was also characterized by mostly improving economic datapoints that improved soft-landing views to possibly avoid a 2023 recession. While the S&P 500 was only fractionally higher on the week, Nasdaq stocks strongly advanced, largely driven by AI (artificial intelligence) optimism.

For the Week...

The S&P 500 gained 0.35%, the Dow Jones Industrial Average fell 1.00% and the tech-heavy Nasdaq Composite jumped 2.52%. By market capitalization, large caps outperformed, while mid caps (-1.03%) and small caps (-0.02%) declined.

Durable Goods Orders Surprise Higher

Orders for durable goods designed to last at least three years increased 1.1% last month, widely topping forecasts for a 1% decline. The April increase follows a 3.3% surge in March and marks two consecutive months of growth. However, core durable goods that excludes transportation, slipped 0.2% (0.0% forecast).

Technology Extends Leadership

Eight of the 11 major sectors ended negative for a second week, with Consumer Staples (-3.21%), Materials (-3.06%), and Healthcare (-2.86%) falling the most. Technology was the standout performer, surging 5.12%, with Communication Services and Consumer Discretionary trailing with smaller gains (+1.21% and +0.37% respectively). Technology (+34.57%) and Communication Services (+32.98%) are this year's top performing sectors.

Treasury Yields March Higher

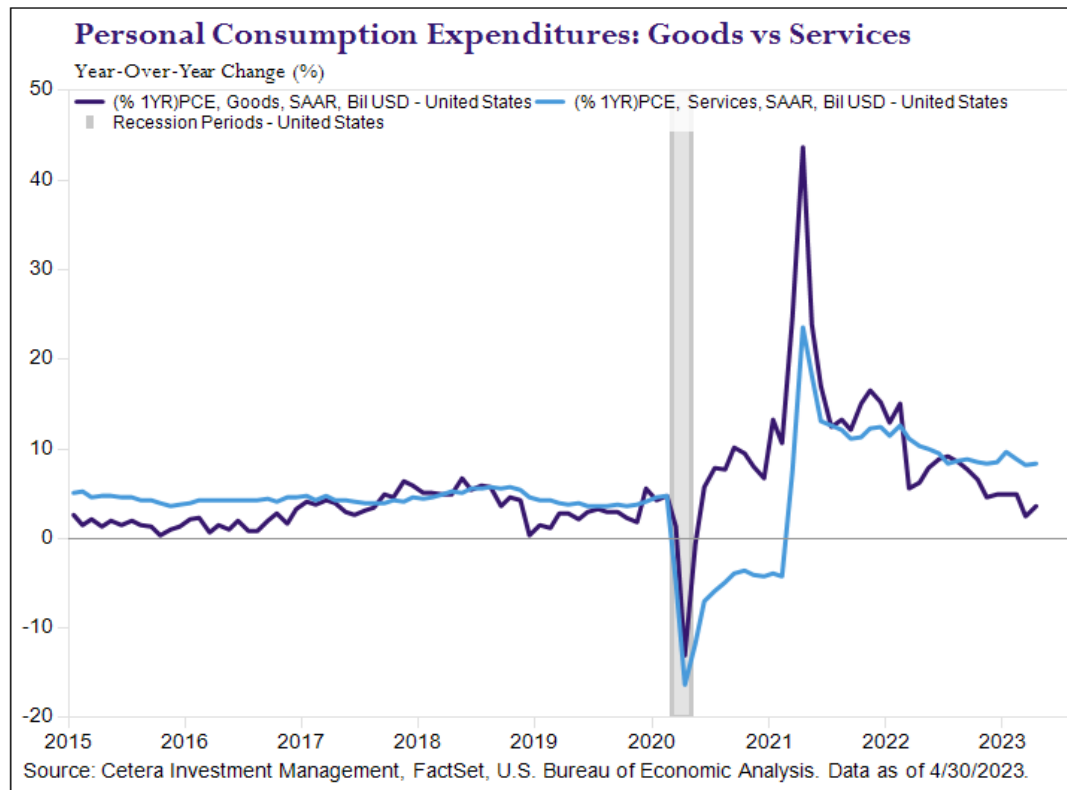
Treasury yields advanced last week amid concerns whether a debt ceiling agreement could be in place before the revised June 5 X-date when the Treasury Department runs out of funds to pay its bills. The yield on benchmark 10-year Treasury notes eased 0.07% on Friday but advanced over 0.34% for the week, finishing at 3.804%. Intra-week, the yield on policy-sensitive two-year Treasury notes climbed above 4.60% for the first time since March. Yields and prices move in opposite directions.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-1.00	-2.95	0.84	-0.16	1.40	9.81
S&P 500	0.35	1.02	6.39	10.29	5.45	13.82
NASDAQ Composite	2.52	6.24	14.14	24.43	11.53	12.46
Russell 3000	0.31	0.99	4.85	9.39	4.47	13.11
Russell 2000	-0.02	0.36	-5.80	1.26	-2.06	9.74
MSCI EAFE	-2.29	-2.45	3.74	8.80	6.44	9.71
MSCI Emerging Markets	-0.42	-0.25	0.79	2.52	-2.14	4.12
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-0.67	-2.31	1.03	1.20	-3.77	-3.94
Bloomberg Municipal Bonds	-0.61	-1.38	0.61	1.13	0.54	-0.77
Bloomberg US Corp High Yield	-0.36	-1.21	1.31	3.34	0.44	3.08
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-0.88	-3.67	-3.99	-9.52	-22.01	18.09
S&P GSCI Crude Oil	1.37	-5.35	-4.78	-9.46	-36.32	27.88
S&P GSCI Gold	-1.86	-1.80	8.03	7.50	5.89	4.34

Source: Morningstar

Chart of the Week: Healthy Consumer Spending Growth



Consumer spending growth is currently much stronger for services than goods. It was a different story following the pandemic recession when spending on goods soared. Services spending is up 8.4% Y/Y, while goods spending is up 3.6% Y/Y. Adjusted for inflation, personal consumption expenditures are up 2.3% Y/Y. Consumer spending growth remains healthy.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](https://twitter.com/CeteraIM) on Twitter.

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Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDXY or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.