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INCORPORATED

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Market Week: April 10, 2023

The Markets (as of market close April 7, 2023)

Last week, most financial markets closed for Good Friday, although bond markets were open until noon. Stocks ended last week with mixed results, with the Dow and the Global Dow adding value, while the Russell 2000, the Nasdaq, and the S&P 500 fell. Wall Street began the week with large caps advancing. However, stocks couldn't recover from mid-week downturns, despite a strong finish last Thursday. For the most part, investors were apparently cautious ahead of the jobs report, which came out last Friday. Economic news was mixed, with a rise in the services sector offset by another tumble in manufacturing. The number of jobless claims rose, while the number of job openings declined to their lowest level in nearly two years. Bond prices increased, driving yields lower. Crude oil prices advanced for the third straight week and are now back to where they began the year. Gold prices rose past \$2,000.00 per ounce after advancing for the second week in a row. The dollar slipped lower.

Last Monday was a mixed bag for stocks, with the Dow (1.0%), the Global Dow (0.6%), and the S&P 500 (0.4%) advancing, while the Nasdaq (-0.3%) and the Russell 2000 (0.0%) were unable to gain ground. Bond prices jumped higher, dragging yields lower, with 10-year Treasury yields falling to 3.43%. Crude oil prices surged, climbing 6.4% to hit \$80.48 per barrel after OPEC+ announced an unexpected cut in production starting in May. The dollar dipped minimally, while gold prices rose to over \$2,000.00 per ounce. The rise in oil prices helped drive the energy sector up by nearly 5.0%. Health care, materials, consumer staples, and communication services also advanced. Consumer discretionary, real estate, and utilities slid the furthest. Information technology lost less than 0.1%.

Stocks and bond yields tumbled lower last Tuesday, while the dollar fell to a two-month low. Crude oil prices were flat. Gold prices rose nearly 2.0%. The JOLTS report (see below) showed job openings fell to their lowest level in almost two years, an indication that employment and the economy may be slowing. Each of the benchmark indexes listed here lost value, with the small caps of the Russell 2000 losing 1.8%. The Nasdaq, the Dow, and the S&P 500 each declined nearly 0.6%. The Global Dow dipped 0.1%. Ten-year Treasury yields ended the session at 3.33% after falling 9.3 basis points.

Last Wednesday saw only the Dow advance in value among the benchmark indexes listed here. The remaining indexes fell for the third straight session, with the Nasdaq slipping 1.1%, followed by the Russell 2000 (-1.0%), the S&P 500 (-0.8%), and the Global Dow (-0.4%). Ten-year Treasury yields also fell for the third consecutive day, declining 5.0 basis points to 3.28%, the lowest rate so far this year. Crude oil prices dipped lower to \$80.36 per barrel. The dollar advanced, while gold prices fell marginally.

Stocks rebounded last Thursday, as investors likely took advantage of some perceived value following losses during the previous two sessions. The Nasdaq gained 0.8%, followed by the S&P 500 (0.4%) and the Russell 2000 (0.1%). The Dow and the Global Dow ended the day flat. Ten-year Treasury yields also ended the session about where they started, closing the day at 3.28%. Crude oil prices slipped to \$80.48 per barrel. The dollar eked out a minimal gain, while gold prices dipped 0.7% but remained above \$2,000.00 per ounce.





Key Dates/Data Releases

4/12: Consumer Price Index, Treasury statement

4/13: Producer Price Index

4/14: Industrial production, retail sales, import and export prices

Stock Market Indexes

Market/Index	2022 Close	Prior Week	As of 4/7	Weekly Change	YTD Change
DJIA	33,147.25	33,274.15	33,485.29	0.63%	1.02%
Nasdaq	10,466.48	12,221.91	12,087.96	-1.10%	15.49%
S&P 500	3,839.50	4,109.31	4,105.02	-0.10%	6.92%
Russell 2000	1,761.25	1,802.48	1,754.46	-2.66%	-0.39%
Global Dow	3,702.71	3,919.85	3,929.96	0.26%	6.14%
Fed. Funds target rate	4.25%-4.50%	4.75%-5.00%	4.75%-5.00%	0 bps	50 bps
10-year Treasuries	3.87%	3.49%	3.28%	-21 bps	-59 bps
US Dollar-DXY	103.48	102.59	101.91	-0.66%	-1.52%
Crude Oil-CL=F	\$80.41	\$75.57	\$80.48	6.50%	0.09%
Gold-GC=F	\$1,829.70	\$1,987.80	\$2,021.70	1.71%	10.49%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- There were 236,000 new jobs added in March compared with the average monthly gain of 334,000 over the prior six months. The change in employment for January and February was revised, such that the combined total for those months was 17,000 lower than previously reported. In March, notable job gains occurred in leisure and hospitality, government, professional and business services, and health care. The unemployment rate dipped 0.1 percentage point to 3.5%. The labor force participation rate inched up 0.1 percentage point to 62.6%, while the employment-population ratio rose 0.2 percentage point to 60.4%. The number of unemployed persons, at 5.8 million, decreased by 97,000. In March, average hourly earnings rose by \$0.09, or 0.3%, to \$33.18. Over the past 12 months, average hourly earnings have increased by 4.2%, the lowest year-over-year rise since June 2021. The average workweek edged down by 0.1 hour to 34.4 hours in March. Overall, the first quarter of 2023 has shown that the pace of hiring has trended lower and annual wage growth has slowed, which could be evidence of a slowdown in the employment sector.
- According to the latest Job Openings and Labor Turnover report, the number of job openings decreased 632,000 to 9.9 million in February, the lowest since May 2021. Several sectors saw a decrease in the number of job openings, including professional and business services, health care and social assistance, and transportation, warehousing, and utilities. The number of hires fell 164,000, while the number of separations dipped 80,000. Within separations, the number of quits rose by 146,000, while the number of layoffs and discharges declined 215,000. Overall, this data suggests that the labor market may be cooling.
- The March survey from purchasing managers showed that activity in the manufacturing sector advanced marginally from February. The S&P Global US Manufacturing Purchasing Managers' Index posted 49.2 in March, up from 47.3 in February, rising for the third consecutive month, but still in contraction (readings of 50.0 or higher indicate growth). While manufacturing output increased in March, new orders fell, with survey respondents indicating that higher interest rates and inflationary pressures continued to strain customer purchasing power.
- Purchasing managers reported an increase in new business in March that helped drive a rise in overall output. According to the S&P Global, the services PMI™ rose to 52.6 in March, up from 50.6 in February, marking the sharpest increase since June 2022. In addition to an increase in demand, costs rose at the second-slowest pace since October 2020. Nevertheless, efforts to pass through higher costs to clients resulted in a steep and accelerated increase in selling prices.
- According to the Bureau of Economic Analysis, the goods and services trade deficit increased \$1.9 billion in February from the previous month. Exports fell \$6.9 billion, while imports declined \$5.0 billion. Year to date, the goods and services deficit decreased 20.3% from the same period in 2022. Exports increased 10.8%, while imports rose 2.2%. Relative to trade in goods with select countries, the deficit with China increased \$3.2 billion to \$25.2 billion in February, which is the largest trade in goods deficit between the U.S. and a foreign trade partner. The next highest deficit is with the European Union at \$18.1 billion. The largest trade in goods surplus is with South and Central America (\$4.7 billion), followed by Hong Kong (\$2.5 billion).

- The national average retail price for regular gasoline was \$3.497 per gallon on April 3, \$0.076 per gallon more than the prior week's price but \$0.673 less than a year ago. Also, as of April 3, the East Coast price increased \$0.060 to \$3.357 per gallon; the Gulf Coast price increased \$0.066 to \$3.148 per gallon; the Midwest price rose \$0.148 to \$3.389 per gallon; the Rocky Mountain price decreased \$0.072 to \$3.465 per gallon; and the West Coast price advanced \$0.018 to \$4.396 per gallon.
- For the week ended April 1, there were 228,000 new claims for unemployment insurance, a decrease of 18,000 from the previous week's level, which was revised up by 48,000. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended March 25 was 1.3%, unchanged from the previous week's rate, which was revised up by 0.1 percentage point. The advance number of those receiving unemployment insurance benefits during the week ended March 25 was 1,823,000, an increase of 6,000 from the previous week's level, which was revised up by 128,000. This is the highest level for insured unemployment since December 11, 2021. It is important to note that the data for both initial claims and continuing claims reflects a change in the methodology used to calculate this data. States and territories with the highest insured unemployment rates for the week ended March 18 were New Jersey (2.6%), California (2.4%), Rhode Island (2.4%), Massachusetts (2.3%), Minnesota (2.2%), Alaska (1.9%), Illinois (1.9%), New York (1.9%), and Montana (1.8%). The largest increases in initial claims for unemployment insurance for the week ended March 25 were in Michigan (+4,536), Massachusetts (+2,733), California (+1,953), Texas (+1,810), and New York (+1,646), while the largest decreases were in Indiana (-2,559), Connecticut (-897), Tennessee (-663), Mississippi (-626), and Iowa (-615).

Eye on the Week Ahead

Inflation data for March is out this week with the release of several important reports. The Consumer Price Index, an inflation indicator that is familiar to most, is released this Wednesday. The CPI rose 0.4% in February, while core prices increased 0.5%. The Producer Price Index for March is also out this week. Prices at the producer level actually dipped 0.1% in February, although producer prices remain up 4.6% from a year earlier. The March figures on import and export prices are scheduled for release on Friday. Import prices fell 0.1% in February, while export prices rose 0.2%.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.

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