Weekly Market Recap

May 1, 2023

Market Commentary

Last Week's Highlights: Equities were largely flat last week, with the exception of tech stocks. The Dow was up 0.40% last week, while the S&P 500 gained 0.10%, the Nasdaq was up 1.38%, and the Russell 2000 lost 0.86%. Bonds gained as interest rates moved higher slightly lower for the week. The BBgBarc Agg Bond Index was up 0.86% for the week, while short-term bonds were up 0.73%. The US dollar was last week after 8 consecutive weeks of declines. The MSCI EAFE Index declined 0.13%, while the MSCI Emerging Markets Index was down 0.39%. **Economic Data:** The Fed's rate decision will be the focus for this week, above economic data. The key economic data releases this week are Manufacturing PMI, Construction Spending, ISM Manufacturing PMI, Factory Orders, JOLTs Job Openings, ADP Private Payrolls, Services PMI, ISM Non-manufacturing PMI, FOMC Rate Decision, Initial Jobless Claims, Continuing Claims, Average Hourly Earnings, Nonfarm Payrolls, Unemployment Rate, & Consumer Credit. **Earnings Releases:** Financials, Consumer Discretionary, and Tech dominate the earnings this week. The key earnings releases this week are BEN, SOFI, JJSF, MGM, RIG, SBA, ADT, BP, DD, MPC, PFE, SYY, UBER, ZBRA, CHK, CZR, F, PRU, SBUX, EMR, MUR, PSX, YUM, ALB, MET, ZG, BUD, COP, H, K, PZZA, AAPL, COIN, LYFT, YELP, AMC. **Takeaways:** Overall, 53% of S&P 500 companies have reported Q1 earnings and the results are better than expected. So far, 79% have reported earnings above analysts' expectations and 74% have reported revenues better than expected. These numbers are both above the 5-year and 10-year averages. Communication Services and Technology have been the largest contributors to out-performance in earnings this quarter. Several key earnings by some tech and communication services bell weathers last week showed a rosier outlook than the market expected. On the flip side, renewed concerns about the banking sector resurfaced last week when First Republic came under scrutiny. In fact, just this morning it was revealed that JP Morgan will purchase the assets of First Republic Bank, marking the 3rd bank to fail this year. The market seems to approve of the deal as J.P. Morgan's stock is higher post-announcement. The big news this week will be the Fed's rate decision (90% probability of a 25 basis point rate hike). Investors will be mostly concerned about future guidance from Powell on rates moving forward. Expect choppy trading this week.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	1.37%	21.19%
Industrials	-0.34%	3.14%
Energy	0.31%	-2.50%
Communication Svcs	3.36%	23.73%
Basic Materials	-0.10%	4.56%
Consumer Cyclical	0.20%	15.10%
Financial Svcs	-0.25%	-0.94%
Real Estate	1.49%	2.03%
Consumer Defensive	1.09%	4.97%
Healthcare	-0.69%	-0.78%
Utilities	-1.03%	-1.50%

Key Indices	1 Week Return	YTD Return
S&P 500	0.44%	8.65%
Dow Jones Industrial Average	0.40%	3.05%
Russell 2000	-0.86%	0.86%
Nasdaq	1.38%	16.72%
MSCI EAFE	-0.13%	10.28%
BBgBarc Agg Bond	0.86%	3.59%
60% S&P / 40% BB Agg Bond	0.61%	6.63%

Key Rates—as of 04/28/2023	
3mth T-bills	5.09%
2yr U.S. Treasury	4.02%
10yr U.S. Treasury	3.46%
Fed Funds	4.75%-5.00%

Investment Styles—1 Week Returns

	Value	Blend	Growth
Large	0.42%	-0.05%	0.70%
Mid	0.26%	0.10%	-1.16%
Small	-0.29%	-0.83%	-1.49%

Investment Styles—YTD Returns

	Value	Blend	Growth
Large	2.69%	4.78%	18.17%
Mid	-0.64%	3.16%	6.42%
Small	-2.10%	4.63%	9.28%

See important disclosures on last page.

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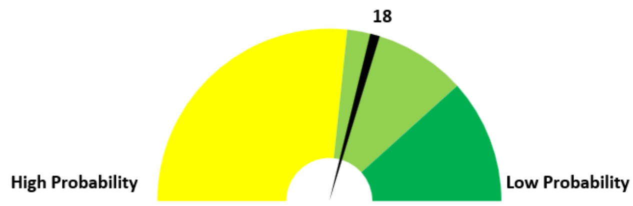
Recession Indicator

The current score of our Recession Indicator suggests that there is a moderate probability of a recession in the next 6-12 months. The Indicator was unchanged last week. It is now at a level of 18. GDP, the NAAIM, ANCFI, and the Financial Stress Index are at a positive levels. The Yield Curve, Housing Starts, CPI (Inflation), Consumer Sentiment, Unemployment, & Wages are at levels that are typically associated with recessions. The Indicator is fluctuating as economic data is shifting between contraction and growth.



Probability of Recession	
Low	30-24
Moderate	23-17
High	16-10

Source: Eudaimonia Asset Management

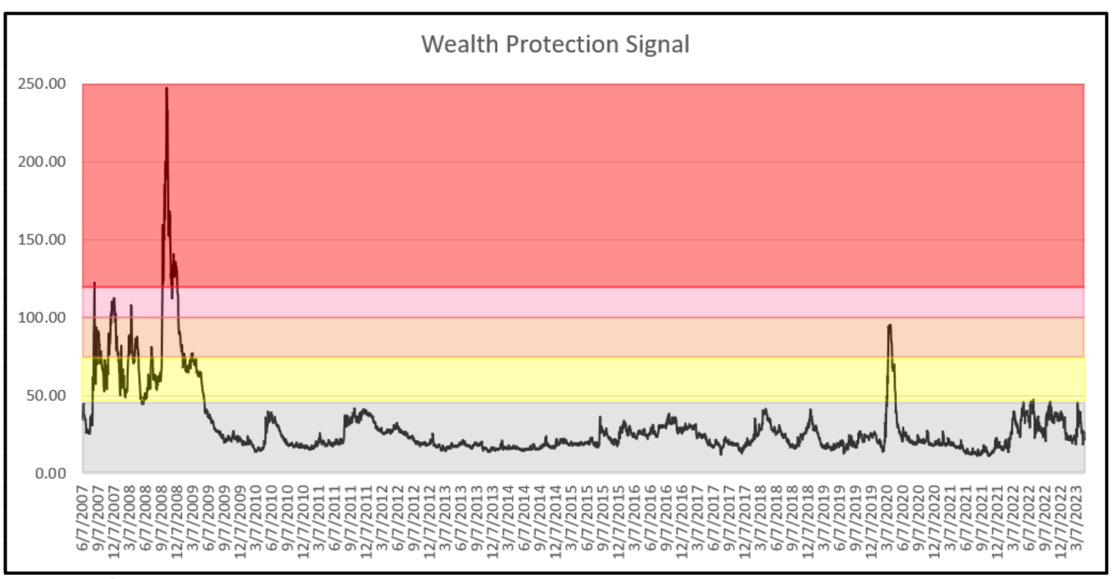
Wealth Protection Signal

Description

The Wealth Protection Signal measures panic or "fear" among investors, as well as, "volatility" in the market. The Signal is comprised of a proprietary weighting to the VIX Index (volatility) and to the TED Spread (fear). When these indices spike, major market meltdowns tend to follow. The Signal is also measured against the Yield Curve. When the 1st Cash Raise Level is reached, the Yield Curve (2yr Treasury Bond Yields > than 10yr Treasury Bond Yields) must also be inverted or have been inverted within the past 90 days in order for the 1st Cash Raise to trigger.

Current Level

The current level of the Wealth Protection Signal is at 22.13 as of Friday's close on April 28th, 2023. The Signal decreased 7.7% from the previous week's close. The TED Spread declined slightly over the past week, while the VIX dropped 6%. The Signal wound need to increase 103% to reach the 1st trigger point. The Wealth Protection Signal is currently indicating that investors should have a 0% cash-weighting within their respective asset allocation at this time.



Source: Eudaimonia Asset Management

Cash Raise Level
40%
30%
20%
10%
0%

Current Level
22.13
4/28/2023

See important disclosures on last page.

Disclosures

Sources: Investment Style returns are derived from Morningstar, Inc. (https://indexes.morningstar.com/indexdata#). Key Rates table derived from Bloomberg. (https://www.bloomberg.com/markets/rates-bonds/government-bonds/us). Sectors and Key Indices tables are derived from Charles Schwab Advisor Center.

Recession Indicator is comprised of 10 economic measurements including, the Yield Curve, GDP, Inflation, Wage Growth, Unemployment, Housing Starts, Consumer Sentiment, Adjusted National Financial Conditions Index, the Fed's Financial Stress Index, U.S. Savings Rate, and the NAAIM (National Association of Active Investment Managers) Index.

Wealth Protection Signal is comprised of the VIX and the TED Spread Indices. The VIX Index is the Chicago Board of Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. The TED Spread is the price difference between 3-month futures contracts for U.S. Treasuries and 3-month futures contracts for Eurodollars having identical expiration months.

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