PHOENIX
ASSET ADVISORS, LLC

Weekly Market Recap

May 15, 2023

Market Commentary

Last Week's Highlights: Markets are stuck in a holding pattern as interest rates, the debt ceiling, and banking woes keep equities tamped down. The Dow was down 0.40% last week, while the S&P 500 lost 0.26%, the Nasdaq was up 0.47%, and the Russell 2000 lost 1.08%. Bonds were mixed as interest rates fluctuated during the week. The BBgBarc Agg Bond Index was down 0.23% for the week, while short-term bonds were up 0.11%. The US dollar was higher last week despite the Fed's hint at a rate hike pause the previous week. The MSCI EAFE Index lost 0.94%, while the MSCI Emerging Markets Index was gave up 0.90%. **Economic Data:** The Housing and Manufacturing plethora of data may get ignored by investors in lieu of multiple Fed speakers this week. The key economic data releases this week are NY Empire State Manufacturing Index, Retail Sales, Capacity Utilization Rate, Industrial Production, NAHB Housing Market Index, Redbook Sales (YoY), Building Permits (P), Housing Starts, Initial Jobless Claims, Continuing Claims, Philly Fed Manufacturing Index, Existing Home Sales, & US Leading Index. **Earnings Releases:** Consumer Discretionary dominates the earnings this week. The key earnings releases this week are TSEM, HD, PSFE, TME, KD, TGT, JACK, WIX, CSCO, TTWO, BABA, BBWI, WMT, AMAT, ROST, DE, & FL. **Takeaways:** As we enter the latter part of earnings season, 92% of S&P companies have reported Q1 Earnings. So far, 78% of companies have beat on earnings expectations, which is above the 10-year average. Markets are still dealing with concerns over the banking sector. PacWest Bancorp indicated that deposits had dropped by 9.5% in the previous week. Despite the company's assurance that at least $15 billion was immediately-available for liquidity, the company's stock price dropped last week. The Fed's continued rate hikes has put banks in a tough spot and it shows in the latest Gallup poll where Fed Chairman Powell's confidence rating is at a low compared to his predecessors. Inflation dropped for the 10th consecutive month as April's release proved that inflation is not as "sticky" as the Fed might indicate. The debt ceiling showdown has recently become a concern, but perhaps overblown by the media. Since 1960, the debt limit has been raised, extended, or revised 78 separate times. Much of the current issues are really political theater. Expect more choppiness this week as multiple Fed speakers, including Powell, will opine about rates and inflation.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	0.05%	21.83%
Industrials	-1.11%	1.70%
Energy	-1.93%	-9.74%
Communication Svcs	4.04%	25.88%
Basic Materials	-1.95%	1.57%
Consumer Cyclical	0.17%	14.78%
Financial Svcs	-1.33%	-5.14%
Real Estate	-1.09%	0.19%
Consumer Defensive	-0.04%	4.62%
Healthcare	-1.05%	-1.64%
Utilities	-0.07%	-1.44%

Key Indices	1 Week Return	YTD Return
S&P 500	-0.26%	8.07%
Dow Jones Industrial Average	-0.40%	1.19%
Russell 2000	-1.08%	-1.16%
Nasdaq	0.47%	17.37%
MSCI EAFE	-0.94%	9.38%
BBgBarc Agg Bond	-0.23%	3.30%
60% S&P / 40% BB Agg Bond	-0.25%	6.16%

Key Rates—as of 05/12/2023	
3mth T-bills	5.20%
2yr U.S. Treasury	3.99%
10yr U.S. Treasury	3.46%
Fed Funds	5.00%-5.25%

Investment Styles—1 Week Returns

Value	Blend	Growth	
-1.05%	-0.20%	0.57%	Large
-1.99%	-0.64%	0.32%	Mid
-2.09%	-0.85%	-0.71%	Small

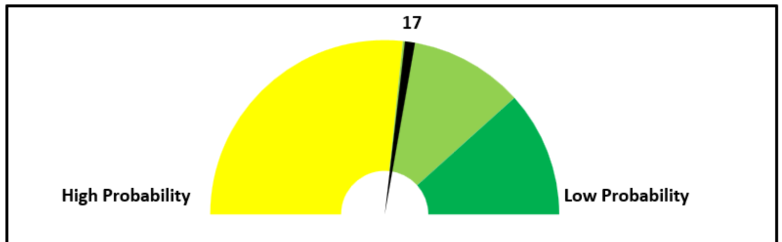
Investment Styles—YTD Returns

Value	Blend	Growth	
-0.24%	3.27%	19.14%	Large
-4.32%	1.40%	6.21%	Mid
-6.72%	3.37%	8.81%	Small

See important disclosures on last page.

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 17. 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

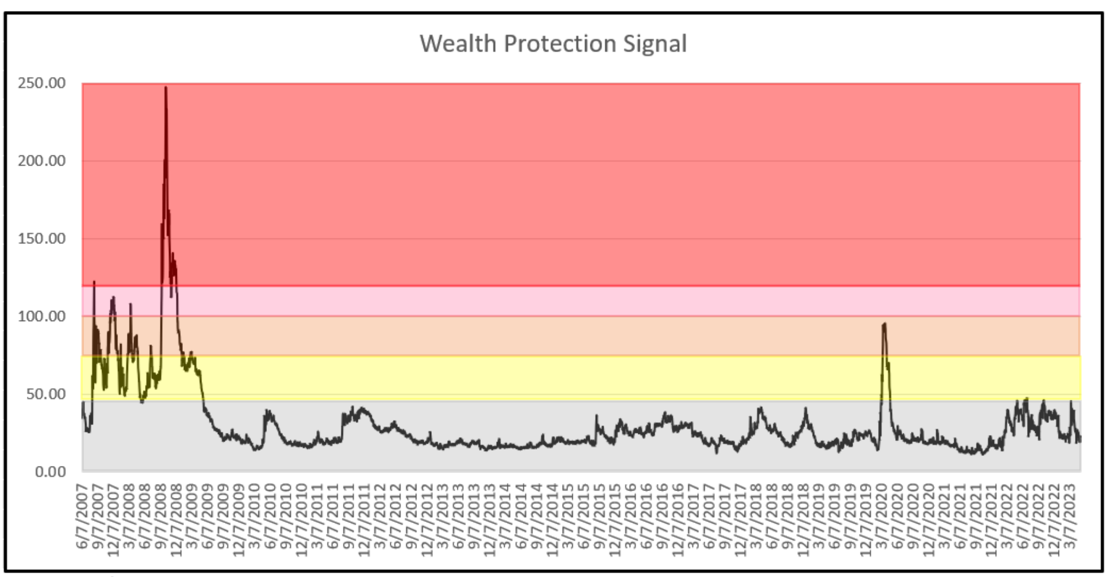
Wealth Protection Signal

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 23.14 as of Friday's close on May 12th, 2023. The Signal increased 7.3% from the previous week's close. The TED Spread increased, while the VIX was flat last week. The Signal wound need to increase 94% 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
23.14
5/12/2023

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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