

June 2023

DeMarche Dashboard

A Flash Report on Markets and the Economy



Data and Commentary for the Period Ended 6/30/2023

Global Overview

Domestic equities generated strong returns in June, so much so that some U.S. equities entered a bull market. On the other hand, international economies faced challenges with some reports indicating that Europe may have entered a technical recession. During central bank policy meetings in June, the U.S. Fed maintained rates at 5.25% while the ECB hiked rates another 25 basis points. Combined with strong domestic equity returns, China experienced positive returns despite their reopening boom coming to a close, contributing to positive results of the emerging markets more broadly. Strong results across several equity markets led to the MSCI World Index gaining 6.1% in June.

U.S. Markets & Economy

All domestic equity markets climbed during the month of June, with certain larger cap indices, like the Russell 1000 Index, reaching its 2023 high. This upward momentum was fueled by improved consumer sentiment brought about by Congress closing on a debt ceiling deal. Additionally, the Fed's decision to hold off on a rate hike during the June meeting, leaving interest rates at 5.25%, further boosted sentiment. However, rate hikes are likely not over as Fed Chair Powell shared that an additional 50 basis points of hikes during the remainder of the year would be a "good guess." While this development alleviated short-term uncertainty, concerns about longer-term economic stability persist in light of higher interest rates. This recent confidence led the Russell 1000 Index to gain 6.8% in June. Even the smaller cap indexes and value indexes grew after enduring multiple months of losses. This month-long rally finally pulled small cap and value stocks out of negative year-to-date territory. For example, the Russell 2000 Value Index gained 7.9% in June, and is now posting a year-to-date return of 2.5%. Leading employment indicators remain steady with initial jobless claims totaling 239,000 at month end, and was supported by job growth, which added 209,000 jobs in June. This aligns with the unemployment rate, which declined from the previous month's rate of 3.7% to 3.6%. Despite the decline in unemployment, the Fed's efforts to tackle inflation have shown progress, with the most recent year-over-year numbers indicating inflation declining from 4.9% to 4.0% in May. These strides in controlling inflation coupled with relatively low unemployment rates have given the market hopes that the Fed will be able to make a soft landing. Overall, this propelled consumer confidence in June from 59.2 to 64.4 points. Despite optimistic indicators in the market and economy, Manufacturing PMI remains in a contractionary state, declining to 46.3, while Service PMI remains strong at 54.1 (PMI values below 50 indicate contraction).

After ten consecutive rate hikes, the Fed pausing hikes and strong economic data gave way for risk-on sentiment towards investment grade fixed income sectors. This caused U.S. investment grade corporate spreads to tighten from 142 to 131 basis points, despite the continued inversion of the Treasury yield curve, which inverted deeper over the last month. While equities made large strides, fixed income provided mixed returns, with longer duration indexes, like Bloomberg U.S. Gov't/Credit Long Index gaining 0.8%, while its counterpart, Bloomberg U.S. Gov't/Credit Intermediate lost 0.7%.

International Markets & Economy

Europe faced a challenging month in June, marked by several unfavorable developments. First, the ECB hiked rates another 25 basis points, placing interest rates at 4%. Additionally, revised GDP growth rate figures revealed that the Eurozone may be in a technical recession, with two consecutive quarters of contracting GDP. The updated GDP data altered Q1 2023 growth from 0.1% to negative 0.1%, primarily driven by Germany's and Ireland's downward growth revisions, following a Q4 2022 GDP decline of 0.1%. PMI data mirrors the recessionary environment, as Manufacturing

DeMarche Dashboard

Data and Commentary for Periods Ended 6/30/2023

June 2023

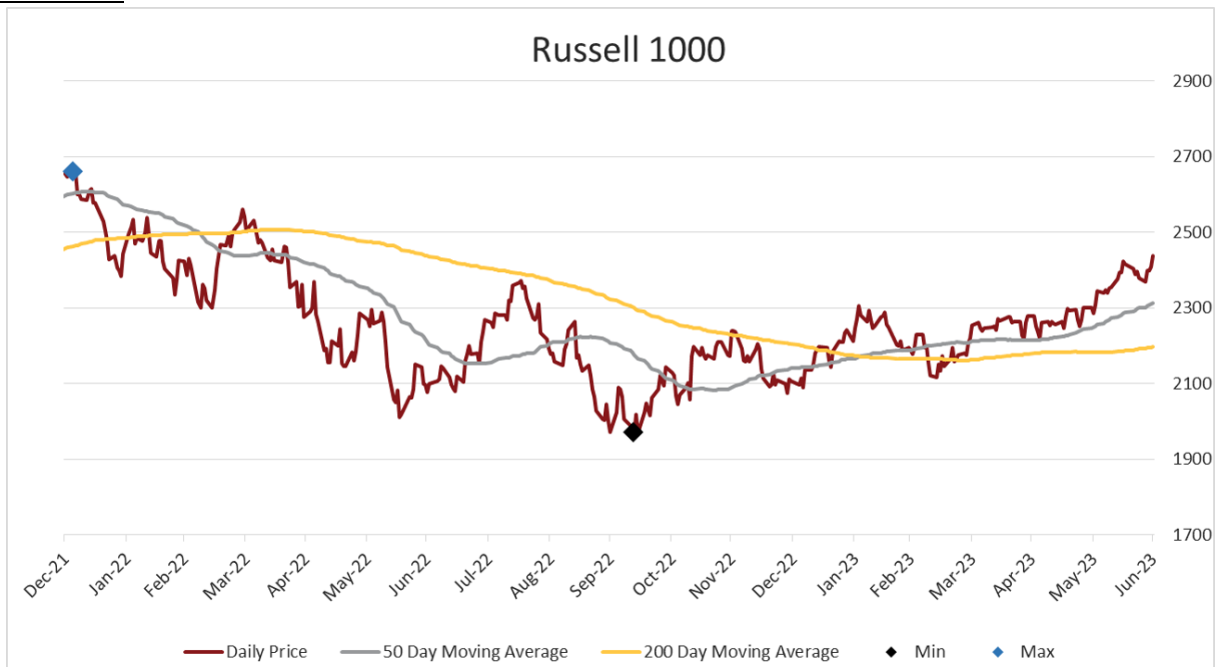
Page 2 of 6

PMI declined to 43.6 while Services PMI tumbled from 55.1 to 52.4. The Composite PMI narrowly escaped contractionary territory at 50.3. Despite signs of a recession, Eurozone consumer confidence continues to rebound from lows brought about by the Russia-Ukraine conflict. Despite the generally negative economic news, the MSCI Europe Index benefitted from positive market momentum leading the index to gain 4.8% in June. Additionally, the MSCI China Index saw gains of 4.0% after a couple months of unfavorable returns, but is still down 5.5% year-to-date. However, Chinese sentiment is unclear as investors are disappointed with the minimal returns from China's reopening, particularly in light of the economic restart losing its momentum. China faces additional challenges with uncertainty about government policies going forward and concerns about disinflation, as inflation currently sits at 0.2%. In contrast to the challenges in Europe and China, Japan proved to be a safe haven. The country has seen foreign inflows to equities due to fewer supply constraints, relatively stable inflation, and favorable monetary policy compared to other developed market countries.

In the News

In June, the S&P 500 Index officially entered a bull market by rising 20% from its low in October. Similarly, the Russell 1000 Index has also increased 20% since October and is further supported by technical analysis that points to a bullish market environment since February. The Chart of the Month reveals the short-term moving average (50-day moving average) crossed above the long-term moving average (200-day moving average), also known as the "golden cross." This golden cross initially appeared in February of this year, but remained relatively converged until May, when the moving averages began to diverge more dramatically, indicating strength in the market returned. The root of this bull market is attributed to the AI trend boosting tech stock gains and the semi-conductor boom earlier in the year. The additional lift and further divergence of the moving averages in May came from increased market momentum due to the ending of the debt ceiling crisis and the Fed skipping a rate hike in June. However, it should be noted that both the S&P 500 Index and Russell 1000 Index have not fully recovered their losses in 2022. While market gains, technical analyst charts, and improved investor confidence hint at a bull market, longer-term concerns such as high inflation and rising unemployment in the face of elevated rates still loom over future market conditions. In the meantime, investors have been enjoying a bull market following the frustrating returns of 2022.

Chart of the Month



Source: Morningstar

DeMarche Dashboard

Data and Commentary for Periods Ended 6/30/2023

June 2023

Page 3 of 6

Capital Markets Overview

	TRAILING			ANNUALIZED				
	1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	
Broad Market	MSCI World NR USD	6.05	6.83	15.09	18.51	12.18	9.07	9.50
	BBgBarc US Agg Bond TR USD	(0.36)	(0.84)	2.09	(0.94)	(3.96)	0.77	1.52
	Russell 3000 TR USD	6.83	8.39	16.17	18.95	13.89	11.39	12.34
	DJ Industrial Average TR USD	4.68	3.97	4.94	14.23	12.30	9.59	11.26
	NASDAQ Composite PR USD	6.59	12.81	31.73	25.02	11.08	12.92	15.02
	MSCI EAFE NR USD	4.55	2.95	11.67	18.77	8.93	4.39	5.41
	FTSE Treasury Bill 3 Mon USD	0.43	1.25	2.39	3.75	1.33	1.57	0.98
	Bloomberg Commodity TR USD	4.04	(2.56)	(7.79)	(9.61)	17.82	4.73	(0.99)
Domestic Equities	S&P 500 TR USD	6.61	8.74	16.89	19.59	14.60	12.31	12.86
	S&P MidCap 400 TR	9.16	4.85	8.84	17.61	15.44	7.79	10.21
	S&P SmallCap 600 TR USD	8.23	3.38	6.03	9.75	15.19	5.22	9.81
	Russell 1000 TR USD	6.75	8.58	16.68	19.36	14.09	11.92	12.64
	Russell 1000 Growth TR USD	6.84	12.81	29.02	27.11	13.73	15.14	15.74
	Russell 1000 Value TR USD	6.64	4.07	5.12	11.54	14.30	8.11	9.22
	Russell Mid Cap TR USD	8.34	4.76	9.01	14.92	12.50	8.46	10.32
	Russell Mid Cap Growth TR USD	7.73	6.23	15.94	23.13	7.63	9.71	11.53
	Russell Mid Cap Value TR USD	8.67	3.86	5.23	10.50	15.04	6.84	9.03
	Russell 2000 TR USD	8.13	5.21	8.09	12.31	10.82	4.21	8.26
	Russell 2000 Growth TR USD	8.29	7.05	13.55	18.53	6.10	4.22	8.83
Russell 2000 Value TR USD	7.94	3.18	2.50	6.01	15.43	3.54	7.29	
International Equities	MSCI ACWI Ex USA NR USD	4.49	2.44	9.47	12.72	7.22	3.52	4.75
	MSCI EAFE NR USD	4.55	2.95	11.67	18.77	8.93	4.39	5.41
	MSCI EAFE Growth NR USD	3.53	2.77	14.18	20.20	6.27	5.44	6.43
	MSCI EAFE Value NR USD	5.62	3.15	9.28	17.40	11.34	2.93	4.15
	MSCI Japan NR USD	4.10	6.42	13.00	18.14	5.70	3.13	5.23
	MSCI AC Asia Ex Japan NR USD	2.72	(1.26)	3.03	(1.15)	1.15	0.93	4.49
	MSCI Europe NR USD	4.79	2.74	13.59	21.81	10.68	5.19	5.70
	MSCI United Kingdom NR USD	3.86	2.19	8.43	13.19	12.57	2.83	3.88
	MSCI EAFE Small Cap NR USD	2.89	0.58	5.53	10.18	5.70	1.31	6.19
	MSCI EM NR USD	3.80	0.90	4.89	1.75	2.32	0.93	2.95
Fixed Income	BBgBarc US Govt/Credit TR USD	(0.32)	(0.93)	2.21	(0.70)	(4.11)	1.03	1.66
	BBgBarc US Govt/Credit Interm TR USD	(0.68)	(0.81)	1.50	(0.10)	(2.46)	1.23	1.41
	BBgBarc US Govt/Credit Long TR USD	0.77	(1.29)	4.39	(2.56)	(8.60)	0.66	2.86
	ICE BofA US High Yield TR USD	1.63	1.63	5.41	8.87	3.21	3.19	4.34
	Credit Suisse HY USD	1.69	1.87	5.84	9.35	3.61	3.19	4.29
	S&P/LSTA Leveraged Loan TR	2.26	3.15	6.48	10.71	6.31	4.13	4.07
	FTSE WGBI NonUS USD	0.53	(2.12)	1.52	(2.63)	(7.81)	(3.75)	(1.40)
	BBgBarc Gbl Agg Ex USD TR	0.26	(2.16)	0.83	(1.83)	(5.87)	(2.65)	(0.90)
REITs	FTSE Nareit All REITs TR	5.69	1.60	3.12	(4.28)	6.17	4.32	6.63
	Wilshire US REIT TR USD	5.43	3.31	6.74	(0.31)	8.55	4.40	6.39

USD - US dollar priced index TR - Total Return PR - Price Return LCL - Local Currency Priced Index NR - Return includes reinvested net dividends

Source: Morningstar

For Institutional Use Only

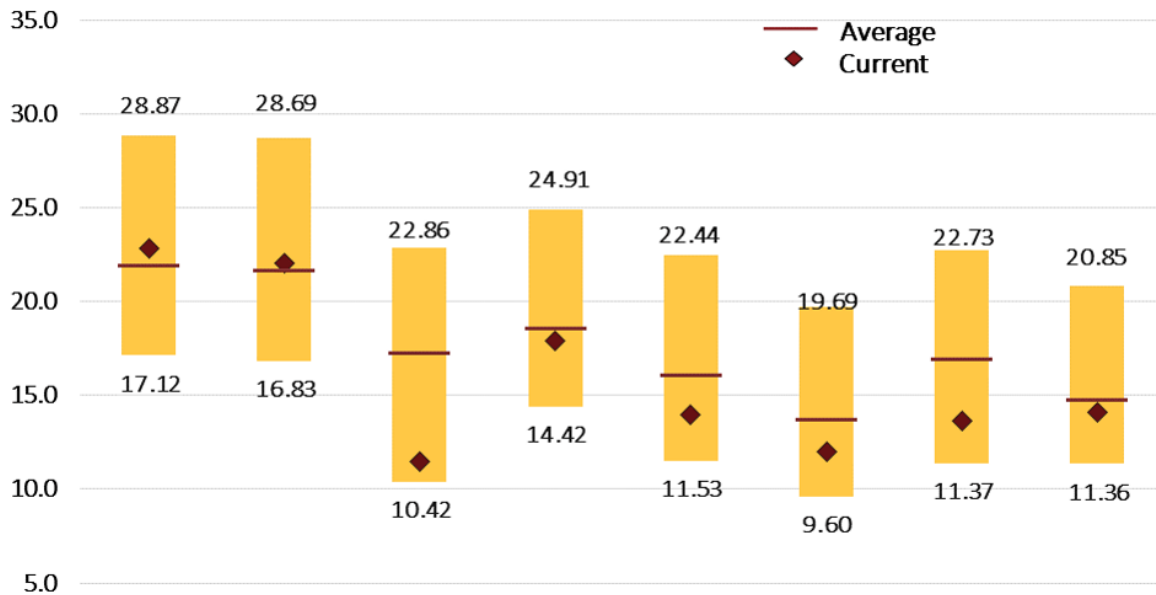
DeMarche Dashboard

Data and Commentary for Periods Ended 6/30/2023

June 2023

Page 4 of 6

Current Trailing P/E vs. Trailing 5-Year High, Low, Average



	S&P 500	Russell 1000	Russell 2000	MSCI AC World	MSCI EAFE	MSCI EM	MSCI Europe	MSCI AC Asia Pac
High Month	Mar-21	Mar-21	Nov-17	Mar-21	Mar-21	Jan-21	Mar-21	Jan-21
Low Month	Dec-18	Dec-18	Sep-22	Dec-18	Sep-22	Oct-22	Sep-22	Sep-22

Source: Morningstar

Economic Indicators

	GDP			Unemployment Rate	Interest Rates	Exchange Rates ³ per US \$		Inflation ²
	Latest ¹	2023 ¹	2024 ¹	(Most recently available)	Sovereign Bonds, 10 Year	Current	1 Year Ago	(Most recently available)
United States	2.00	1.60	1.00	3.70	3.81	-	-	5.30
China	2.20	5.40	5.10	5.20	2.74	7.18	6.70	0.60
Japan	0.70	1.30	1.10	2.60	0.39	143.78	134.72	3.20
United Kingdom	0.10	0.30	1.00	3.80	4.38	1.27	1.22	7.10
Euro Area	-0.10	0.90	1.50	6.50	3.20	1.09	1.05	5.40
Germany	-0.30	0.00	1.30	5.70	2.39	1.10	1.05	5.80
France	0.20	0.80	1.30	7.10	2.94	0.90	1.05	5.80
Italy	0.60	1.20	1.00	7.60	4.08	1.10	1.05	5.60
Canada	0.80	1.40	1.40	5.20	3.27	1.32	1.30	3.70
India	1.90	6.00	7.00	7.70	7.11	82.30	77.29	6.07
Mexico	1.00	2.80	2.10	2.90	8.67	17.17	20.01	7.39
Brazil	1.90	1.70	1.20	8.30	10.67	4.77	5.20	7.25

Sources: (Most recently available data) St. Louis Federal Reserve, The Wall Street Journal, OECD, Trading Economics

1. Latest GDP is seasonally adjusted annualized rate. 2022 & 2023 is forecasted data from OECD

2. In terms of Core CPI

3. Euro Area and U.K. exchange rates quoted in market standard format (USD/Non-USD currency)

DeMarche Dashboard

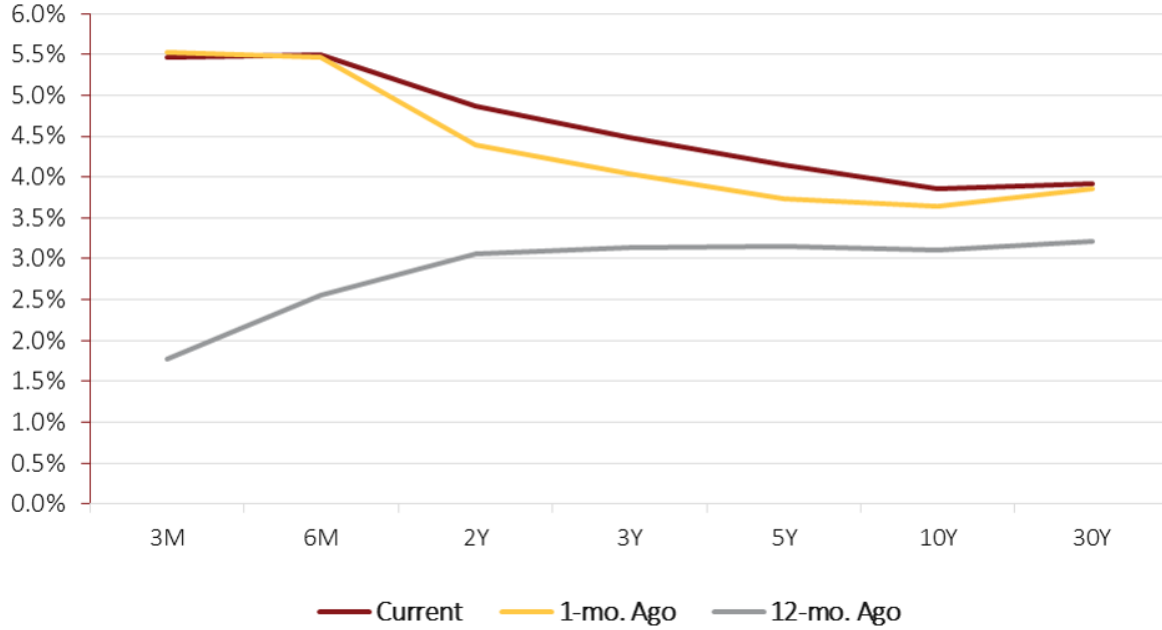
Data and Commentary for Periods Ended 6/30/2023

June 2023

Page 5 of 6

U.S. Treasury Yield Curves

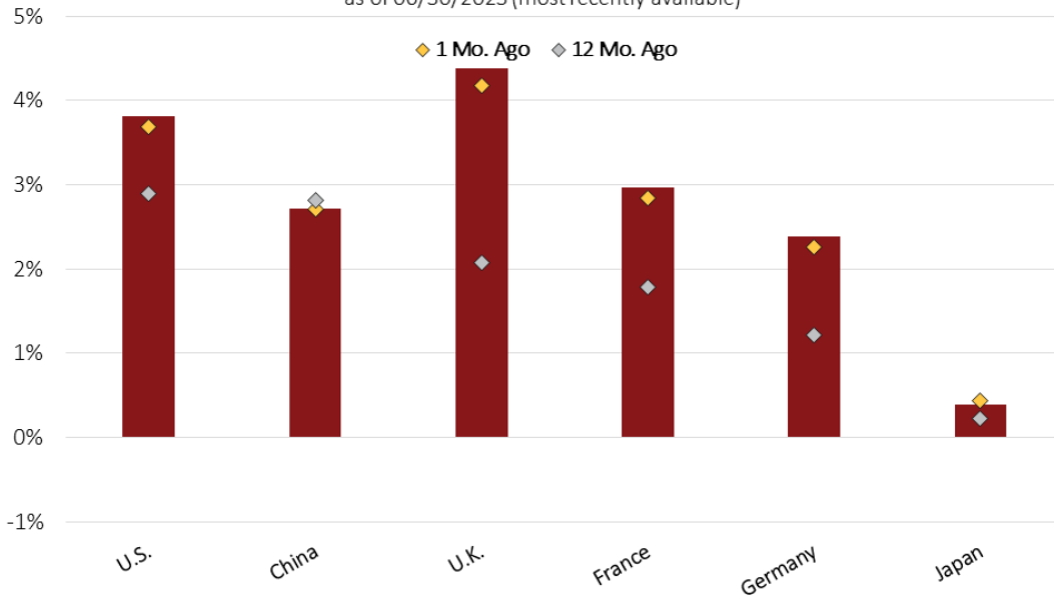
as of 06/30/2023



Source: Federal Reserve Bank

10-Year Sovereign Yields

as of 06/30/2023 (most recently available)



Source: Trading Economics

DeMarche Dashboard

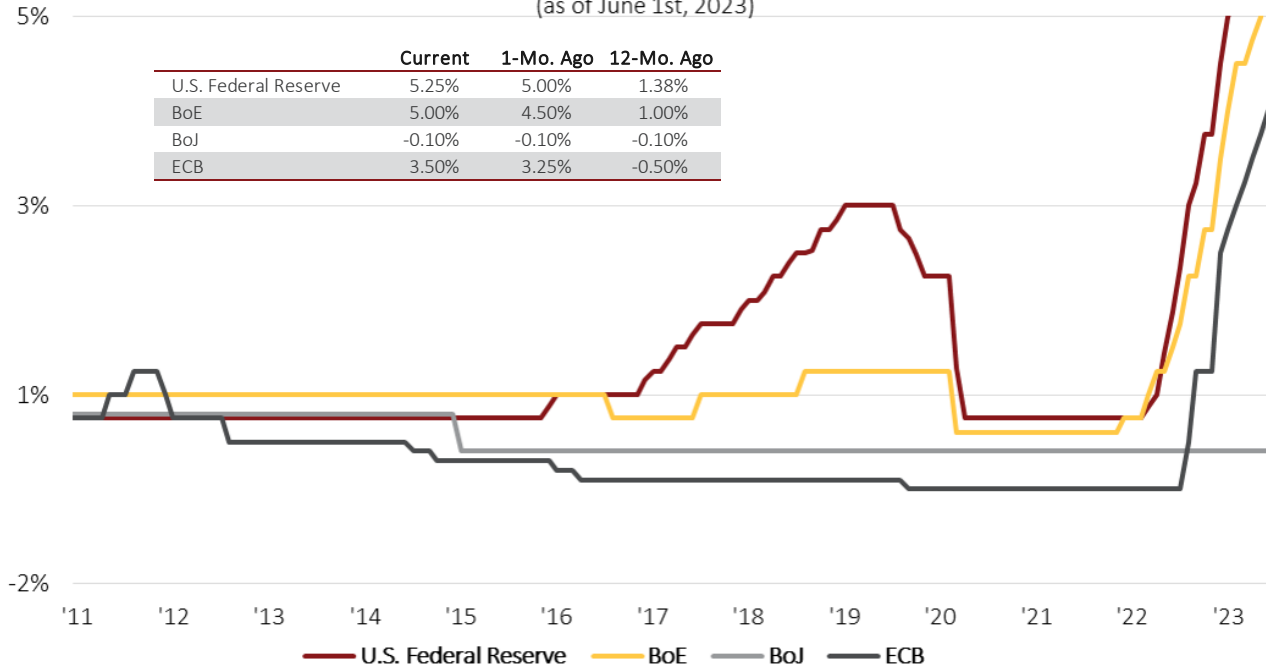
Data and Commentary for Periods Ended 6/30/2023

June 2023

Page 6 of 6

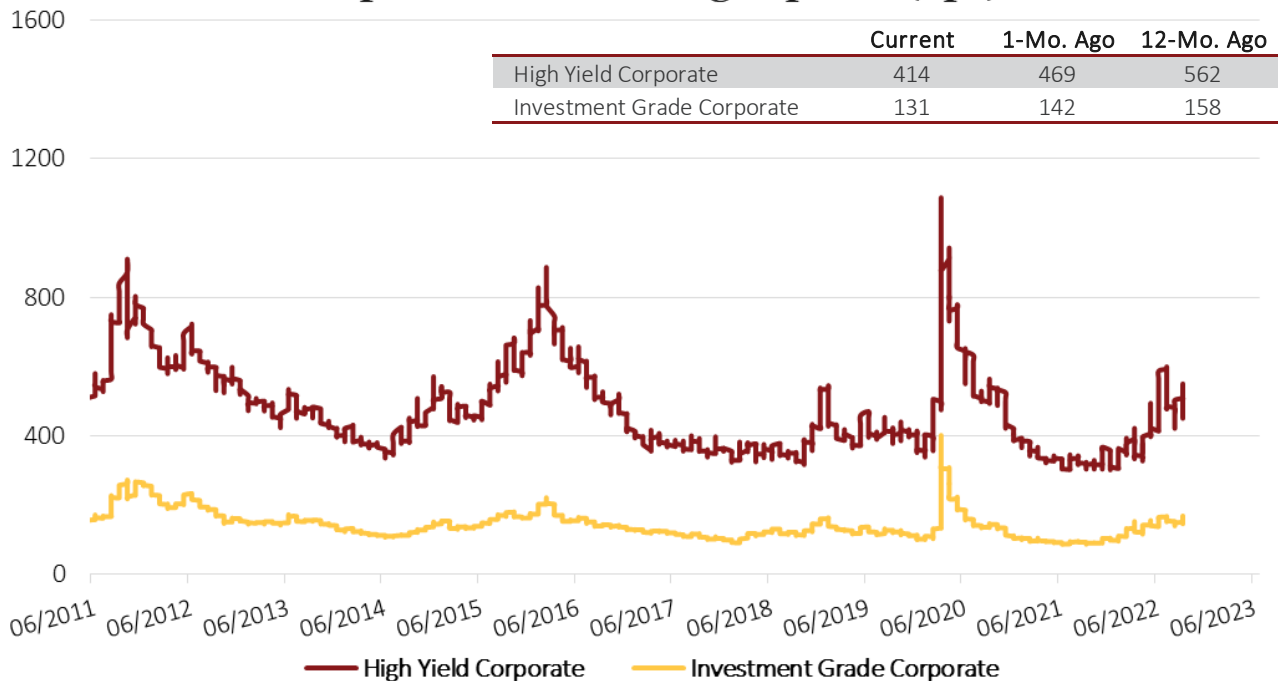
Central Bank Policy Rates

(as of June 1st, 2023)



Source: Federal Reserve Bank, Bank of England, European Central Bank, Trading Economics

Corporate Bond Average Spread (bps)



Source: Federal Reserve Bank