# MARKET COMMENTARY

DAVENPORT 1863
BUILDING WEALTH TOGETHER

## MARCH 2023

- Equity markets gave back some gains from January
- The only positive S&P 500® sector was Information Technology
- Consumer spending accelerated in the month

Equity markets in February gave back some of the strong gains from January as investors digested new economic datasets pointing to a resilient labor market and rising price levels in the U.S. With few signs emerging supportive of a disinflation outlook, the higher rates for a longer narrative appeared to gain traction with investors thereby pressuring equities. Against this backdrop, the VIX Index or "fear gauge" ticked slightly higher from the sub-20 level at the start of the month to end February at about 21. For the full month, all three major equity indexes decreased with the Dow Jones Industrial Average down 4.2%, the S&P 500® index down 2.6%, and the smaller cap weighted Russell 2000® declining 1.8%.

The best performing and only positive S&P 500 sector in February was Information Technology which increased 0.3% and was followed by the Industrials sector which was down 1.2%. The weakest performances in the month were posted by the Energy sector which decreased by 7.6% followed by the Utilities sector which was down 6.4% and Real Estate which declined 6.1%. For the prior twelve month period, the Energy sector was the best performer with a 19.3% increase followed by the Industrials sector which was up 1.1%, while the Communication Services sector was the worst performer for the past twelve months with a 25.5% decrease followed by the Consumer Discretionary sector which was down 19.0%.

The inflation outlook appears to be weighing on market sentiment reinforced by the Personal Consumption Expenditures (PCE) report in February showing Core inflation ticked up to 4.7% in January versus 4.4% reported for December. Thus, the PCE report adds fodder from earlier reports in February that showed the latest Consumer (CPI) and Producer (PPI) price datasets pointing to sticky inflation trends that have driven a significant shift in investor sentiment that had earlier hoped Fed policy could pivot early this year. The CME FedWatch has investors expecting the funds rate now at 450-475 BPS to peak at 525-550 BPS with the June 14th FOMC meeting with rates sustained within a range of 500-550 BPS into yearend 2023. Overall, it is not surprising to see markets pull back given shifting views on the interest rate outlook among investors to a playbook more consistent with the Fed's December dot plot. Shifting investor expectations has also increased fears of recession likely to persist overhanging markets in front of the March 22nd FOMC session that will have Fed governors updating their dot plot.

### Where to from here?

In the meantime, consumer spending also accelerated in January, rising by a seasonally adjusted 3% month-over-month and was up 6.7% versus the prior year. The key driver supporting consumer spending has been strong gains in wages with personal income ramping at a faster than expected rate – rising by 1.4% for the month of January that compares to forecasts targeting up 1.2% with the annualized figure standing at up 8.4%. Although nominal spending is up 7.9% in the last year, real spending reflecting inflation is running at 2.5% with volumes of goods sold to consumers softening. Still, federal stimulus payments made during COVID along with aforementioned wage increases have supported nominal spending and corporate profits – with inflation remaining stickier than earlier anticipated. With the latest economic reports pointing to a solid current economy and tight labor market driving sustained, stubborn inflation, we look for Fed policy to remain tight through 2023.

With the S&P 500 trading at about 18.0x consensus 2023 earnings, the multiple remains well above the historical 10-year average of 17.2x, while inflation remains quite high with corporate earnings expectations for 2023 being uninspiring. As such, we do not look for P/E multiple expansion in 2023. The bottom line is investors are now recognizing the fight against inflation could require rates going higher for longer with volatile, uncertain market conditions likely to persist near term. As such, investors need to be highly selective when putting funds to work. We remain focused on companies offering solid intermediate or longer term potential returns, while currently being reasonably valued; having less exposure to interest rates; possessing specialized products and services remaining in demand offering enhanced pricing power to drive earnings and consistent cash flow. Furthermore, the move up of interest rates offers an alternative for investors with shorter term government bonds offering attractive risk free returns in the 5% range.


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# MARKET AND ECONOMIC STATISTICS

| Market Indices: | 2/28/2023 | 12/30/2022 | % Change YTD | 1/31/2023 | % Change (Monthly) |
|---|---|---|---|---|---|
| S&P Composite | 3,970.15 | 3,839.50 | 3.40% | 4,076.60 | -2.61% |
| Dow Jones Industrials | 32,656.70 | 33,147.25 | -1.48% | 34,086.04 | -4.19% |
| NASDAQ Composite | 11,455.54 | 10,466.48 | 9.45% | 11,584.55 | -1.11% |
| Russell 2000 | 1,896.99 | 1,761.25 | 7.71% | 1,931.95 | -1.81% |
| FTSE 100 | 7,876.28 | 7,451.74 | 5.70% | 7,771.70 | 1.35% |
| Shanghai Composite | 3,279.61 | 3,089.26 | 6.16% | 3,255.67 | 0.74% |
| Nikkei Stock Average | 27,445.56 | 26,094.50 | 5.18% | 27,327.11 | 0.43% |
| Stoxx Europe 600 | 461.11 | 424.89 | 8.52% | 453.21 | 1.74% |
| MSCI Emerging Markets | 964.01 | 956.38 | 0.80% | 1,031.50 | -6.54% |
| MSCI Emerging Markets Small Cap | 1,158.36 | 1,127.18 | 2.77% | 1,193.28 | -2.93% |

| Performance of S&P 500 by Industry: | % of Index as of 12/30/22 | 1 Month | 3 Month | Year to Date | 12 Months |
|---|---|---|---|---|---|
| Consumer Discretionary | 10.54% | -2.27% | -0.32% | 12.38% | -19.02% |
| Consumer Staples | 6.69% | -2.49% | -6.52% | -3.52% | -3.68% |
| Energy | 4.91% | -7.61% | -8.11% | -5.11% | 19.27% |
| Financials | 11.75% | -2.45% | -1.56% | 4.09% | -7.32% |
| Health Care | 14.39% | -4.72% | -8.56% | -6.65% | -2.18% |
| Industrials | 8.58% | -1.17% | -0.72% | 2.46% | 1.09% |
| Information Technology | 27.22% | 0.29% | 0.35% | 9.58% | -11.88% |
| Materials | 2.82% | -3.49% | -0.94% | 5.16% | -1.57% |
| Communication Services | 7.67% | -4.67% | 0.34% | 8.88% | -25.50% |
| Utilities | 2.79% | -6.36% | -8.98% | -8.27% | -4.27% |
| Real Estate | 2.66% | -6.07% | -2.46% | 3.18% | -14.95% |
| S&P 500 (Absolute performance) | 100.0% | -2.61% | -2.70% | 3.40% | -9.23% |

| Interest Rates: | 2/28/2023 | 12/30/2022 | YTD Change (Basis Points) | 1/31/2023 | Month Change (BPS) |
|---|---|---|---|---|---|
| Fed Funds Effective Rate | 4.57% | 0.09% | 448 | 4.33% | 24 |
| Prime Rate | 7.75% | 7.50% | 25 | 7.50% | 25 |
| Three Month Treasury Bill | 4.81% | 0.09% | 472 | 3.37% | 144 |
| Ten Year Treasury | 3.92% | 3.87% | 5 | 3.51% | 41 |
| Spread - 10 Year vs 3 Month | -0.89% | 3.79% | -468 | 0.14% | -103 |

| Foreign Currencies: | 2/28/2023 | 12/30/2022 | % Change YTD | 1/31/2023 | % Change (Monthly) |
|---|---|---|---|---|---|
| Brazil Real (in US dollars) | 0.19 | 0.19 | 1.0% | 0.20 | -3.0% |
| British Pound (in US dollars) | 1.20 | 1.21 | -0.5% | 1.23 | -2.4% |
| Canadian Dollar (in US dollars) | 0.73 | 0.74 | -0.7% | 0.75 | -2.5% |
| Chinese Yuan (per US dollar) | 6.94 | 6.90 | 0.5% | 6.76 | 2.7% |
| Euro (in US dollars) | 1.06 | 1.07 | -1.2% | 1.09 | -2.6% |
| Japanese Yen (per US dollar) | 136.17 | 131.12 | 3.9% | 130.09 | 4.7% |

| Commodity Prices: | 2/28/2023 | 12/30/2022 | % Change YTD | 1/31/2023 | % Change (Monthly) |
|---|---|---|---|---|---|
| CRB (Commodity) Index | 548.53 | 554.78 | -1.1% | 557.02 | -1.5% |
| Gold (Comex spot per troy oz.) | 1826.92 | 1824.02 | 0.2% | 1928.36 | -5.3% |
| Oil (West Texas int. crude) | 77.05 | 80.26 | -4.0% | 78.87 | -2.3% |
| Aluminum (LME spot per metric ton) | 2327.63 | 2349.51 | -0.9% | 2613.00 | -10.9% |
| Natural Gas (Futures 10,000 MMBtu) | 2.75 | 4.48 | -38.6% | 2.68 | 2.3% |

| Economic Indicators: | 9/30/2022 | 12/31/2021 | % Change YTD | 8/31/2022 | % Change (Monthly) |
|---|---|---|---|---|---|
| Consumer Price Index | 296.8 | 280.1 | 5.9% | 295.6 | 0.39% |
| Producer Price Index | 253.1 | 232.0 | 9.1% | 252.2 | 0.4% |
| | **Q3 2022** | **Q2 2022** | **Q1 2022** | **Q4 2021** | **Q3 2021** |
| GDP Growth Rate (Quarterly) | 3.20% | -0.60% | -1.60% | 7.00% | 2.70% |
| Unemployment Rate (End of Month) | **November**<br>3.7% | **October**<br>3.7% | **September**<br>3.5% | **August**<br>3.7% | **July**<br>3.5% |

*GDP growth rate is calculated as the percent change from the previous period seasonally adjusted at annual rates. **S&P Sectors were re-named at the end of 2001. The sector Industrials is a combination of the former sectors Capital Goods & Transportation.Sources: Wall Street Journal, Bloomberg, The Department of Labor, The Bureau of Labor Statistics, The Bureau of Economic Analysis, US Treasury website.

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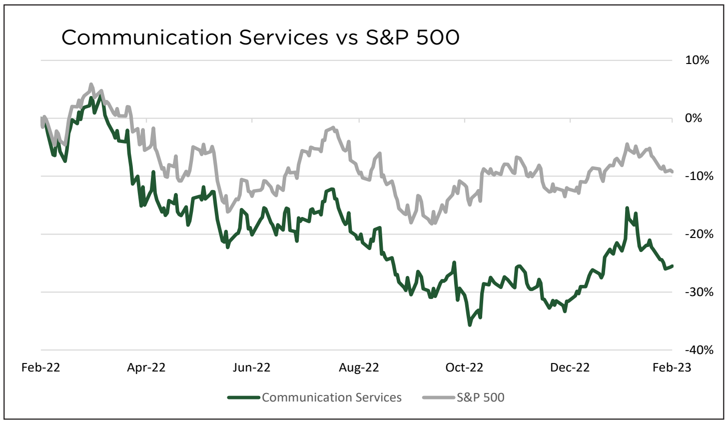
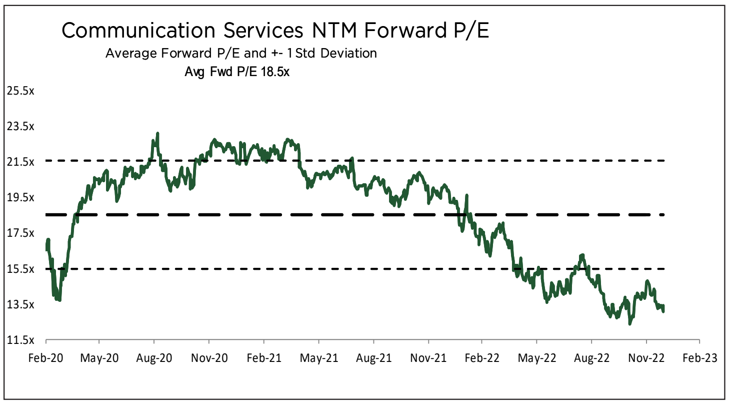



Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -4.67% | 0.34% | 8.88% | -25.50% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.61% | -2.70% | 3.40% | -9.23% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leader** | Meta Platforms Inc | 17.4% |
| | Warner Bros Discovery | 5.4% |
| | Omnicom Group Inc | 5.3% |
| | Fox Corp | 3.2% |
| | Fox Corp | 1.7% |
| **Laggards** | Lumen Technologies | -35.2% |
| | Match Group Inc | -23.5% |
| | DISH Network Corp | -20.7% |
| | News Corp | -15.6% |
| | News Corp | -15.4% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $10.78 | $11.93 | $13.95 |
| 16.1x | 14.5x | 12.4x |

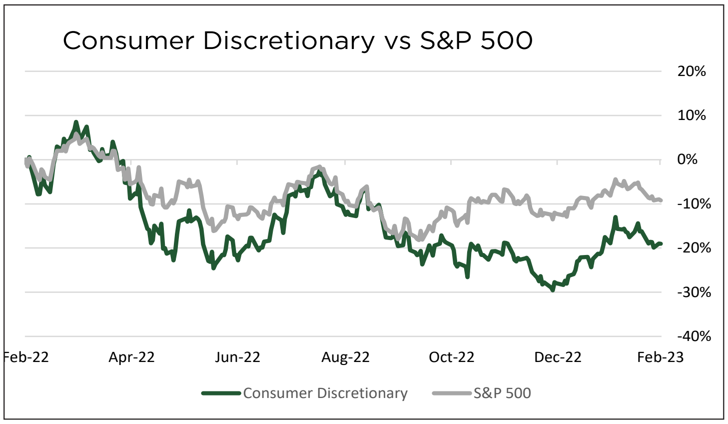
## Sector Update

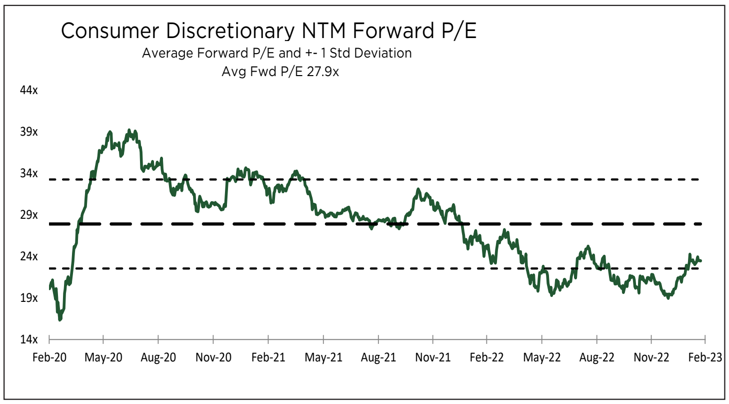
Communications Services (-4.67%) lagged the market in February due to the sharp decline in the shares of Lumen Technologies, DISH Network, and News Corporation. While the Communications Services sector trades at a substantial discount to its long-term forward P/E multiple, we believe the sector could underperform the market in the near term. There is the potential risk that the U.S. Federal Reserve could sustain its interest rate increases longer than expected to combat inflation. This tightening of monetary policy could impact U.S. economic growth and advertising spending, which represents a significant source of revenue for many Communications Services companies.

DISH Network shares declined 20% in February due to its lower than expected results, investor concern about the viability of its 5G business, and an internal network outage caused by a successful ransomware attack. DISH Network's Q4 '22 revenue declined 9% to $4.04 billion, $100 million below the consensus estimate, driven by subscriber losses in its DISH TV and wireless businesses. DISH TV net subscribers declined by 268,000, including the loss of 80,000 Sling TV streaming subscribers, to reach 9.75 million total subscribers (7.42 million DISH TV satellite subscribers and 2.33 million Sling TV subscribers). The company's retail wireless subscribers declined by 24,000 to 7.98 million.

DISH Network plans to expand its 5G network data and voice coverage from 30 million people today to 70 million by year-end 2023. Based on DISH Network management commentary, it appears that potential enterprise customers may consider DISH Network's 5G private network services by year-end 2023 based on two key factors: 1). DISH's 5G network provides data and voice services to at least 70 million people. 2). Apple upgrades the iPhone with new semiconductor chips that make the iPhone compatible with DISH's 5G network. DISH will face formidable competition since T Mobile and Verizon's 5G networks will be capable of providing 5G data and voice services to more than 200 million people by year-end 2023.

# CONSUMER DISCRETIONARY




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.27% | -0.32% | 12.38% | -19.02% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.61% | -2.70% | 3.40% | -9.23% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leader** | Tesla Inc | 18.8% |
| | Royal Caribbean Cruises | 8.8% |
| | BorgWarner Inc | 6.3% |
| | Genuine Parts Co | 5.4% |
| | O'Reilly Automotive | 4.8% |
| **Laggards** | VF Corp | -19.8% |
| | Domino's Pizza Inc | -16.7% |
| | Mohawk Industries Inc | -14.3% |
| | Etsy Inc | -11.8% |
| | Whirlpool Corp | -11.3% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $38.98 | $48.79 | $58.20 |
| 29.0x | 23.2x | 19.4x |

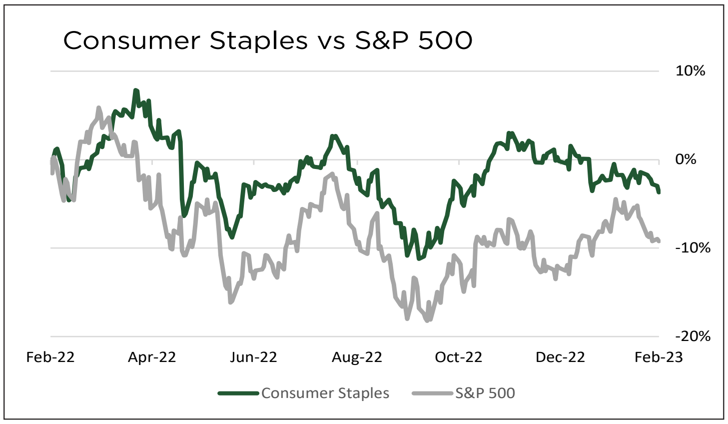
## Sector Update

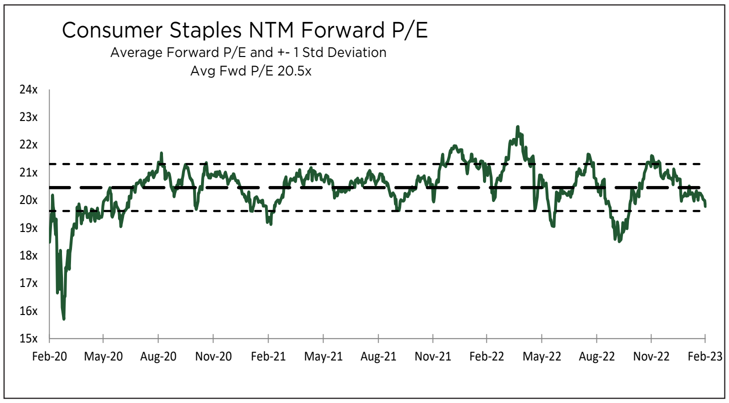
The Consumer Discretionary sector slightly outperformed the S&P 500 in February as markets were weighed down by inflation concerns. Sub-sector performance was led by gains in the Automobiles and Auto components categories while all other sub-sectors declined. Weakness was particularly noteworthy in the Internet & Direct Marketing Retail as well as the Leisure Products sub-sectors. On a year-to-date basis, the Consumer Discretionary sector has performed strongly on both an absolute basis and relative to the S&P 500 index as seen in the accompanying table. Despite these gains, on a trailing twelve month period the sector continues to sharply lag the S&P 500.

Consumer sentiment continued to improve in February as reported by the University of Michigan. For the third month in a row, consumer sentiment increased reaching 67.0 in February which is an improvement from the 64.9 reported in January. The better sentiment in February appears to coincide with some easing of inflation pressures as well as an improvement in the household economic outlook. The overall backdrop does appear to be somewhat volatile with the University of Michigan's Joanne Hsu, who is the consumer sentiment survey director, indicating that "consumers continued to exhibit considerable uncertainty over short run inflation, and thus their expectations may be unstable in the months to come."

Retail sales grew 3% in January which was well ahead of expectations and supportive of broader economic growth with the consumer representing about two-thirds of GDP. The strong retail sales growth in January represented the biggest increase in almost two years with core sales, excluding autos and gasoline, advancing a healthy 2.6%. Department stores led the charge in January with sales up almost 18% while sales at restaurants advanced 7.2% providing some evidence of the breadth of the rebound across categories.

The housing market continues to show signs of slowing with factors such as higher mortgage rates and supply limitations impacting growth. This dynamic was seen with the existing home sales report for January which declined 0.7% to a seasonally adjusted annual rate of 4 million according to the National Association of Realtors. Existing home sales have now dropped for twelve straight months which is the longest string of declines since the National Association of Realtors began tracking the metric in 1999. On a year-over-year basis, January sales dropped 36.9% which at the 4 million annualized level is the lowest level since October 2010. Low supply levels of homes for sale continue to weigh on the market coming in at 2.9 months versus pre-pandemic levels normally tracking above 4 months. Home prices, as measured by Case-Shiller declined for the sixth consecutive month in December with the 20-city index down 0.5%. However, on a year-over-year basis, home prices advanced 4.6% which was a decrease from the 6.8% gain in the prior month.




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.49% | -6.52% | -3.52% | -3.68% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.61% | -2.70% | 3.40% | -9.23% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leader** | Clorox Co | 7.4% |
| | Hershey Co | 6.1% |
| | Church & Dwight Co | 3.6% |
| | Altria Group Inc | 3.1% |
| | PepsiCo Inc | 1.5% |
| **Laggards** | Estee Lauder Cos Inc | -12.3% |
| | Tyson Foods Inc | -9.9% |
| | Philip Morris Int | -6.7% |
| | Costco Wholesale | -5.3% |
| | Kraft Heinz Co | -3.9% |

**Consensus FY EPS / P/E**

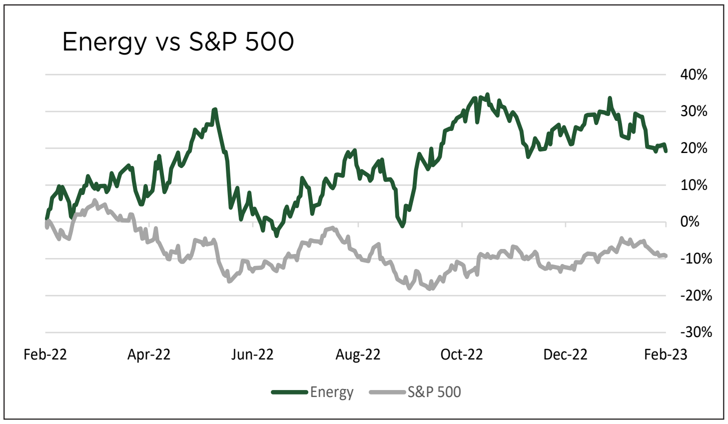
| Last Year | Current Year | Next Year |
|---|---|---|
| $35.01 | $36.74 | $39.83 |
| 21.5x | 20.5x | 18.9x |

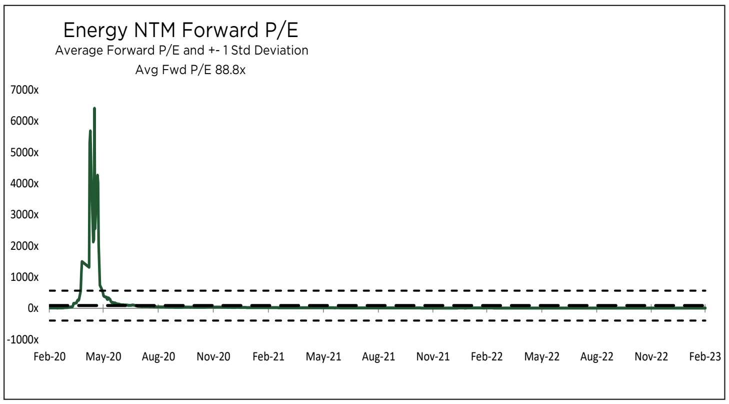
## Sector Update

The Consumer Staples sector decreased 2.49% on average in February slightly outperforming the S&P 500 Index which declined 2.61% for the month. Historically, the Consumer Staples stocks have weakened as the new year begins and investors reposition portfolios away from more defensive stocks. The Consumer Staples segment is now trading relatively in line with its average forward P/E of about 20.5x. We continue to advise selective investment among the Consumer Staples stocks and prefer investment in companies with pricing, leading market share, strong balance sheets, and experienced management. With the uncertain global economic backdrop, investor sentiment remains favorable to exposure to the more defensive stock segment. With stronger balance sheets, we expect renewed interest in consolidation as consumer staples companies seek to drive faster top-line growth, reformulate brand portfolios, and seek additional cost savings. If potential acquisitions do not occur, management teams should return value to shareholders through dividends and share repurchases. Many Consumer Staples companies offer an attractive dividend yield.

Key themes from the recent Consumer Analyst Group of NY (CAGNY) Conference center on consumer behavior and elasticities, the pace of supply chain recovery, pricing and brand strength, innovation, and capital allocation plans. Consumer Staples companies approach 2023 with a more cautious outlook incorporating elasticities more in line with historical averages and modest volume assumptions. As 2023 laps the prior year that reported strong top-line driven by significant pricing, the key centers on consumer purchase patterns. Those companies that successfully executed pricing strategies and invested in their supply chains should be better positioned for 2023 and begin to realize margin recovery. As consumers face continued higher cost pressures and an uncertain economic environment, there is some evidence of consumer trade down to private labels, especially in the laundry detergent segment as well as movement shifting to more value-priced offerings and smaller, more affordable product package offerings. Shopping patterns continue to support a shift to e-commerce as well as multi-channels. The emphasis during presentations included the strength of brands within portfolios positioned in fast-growing segments (pet food, snacks, cookies, etc) and especially billion dollar brands. Strong customer loyalty, partnership with retailers, and leading innovation remain key attributes. In 2023, there is a notable uptick in the pace of innovation and companies are leveraging data to better meet consumer needs, whether those needs include a change in ingredients (zero sugar, natural, reduced sodium), packaging size, or addition of new brands. The blurring of the lines between alcohol and non-alcohol beverages remains a trend to monitor for innovation. Priority of cash flow allocation includes debt reduction, supporting its dividend, pursuing strategic M&A, and repurchasing shares.

# ENERGY




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -7.61% | -8.11% | -5.11% | 19.27% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.61% | -2.70% | 3.40% | -9.23% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leader** | Phillips 66 | 2.3% |
| | EQT Corp | 1.6% |
| | Coterra Energy Inc | -0.2% |
| | Targa Resources Corp | -1.2% |
| | Baker Hughes Co | -3.6% |
| **Laggards** | ConocoPhillips | -15.2% |
| | Devon Energy Corp | -14.7% |
| | EOG Resources Inc | -14.5% |
| | APA Corp | -13.4% |
| | Pioneer | -13.0% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $80.78 | $64.92 | $62.48 |
| 7.9x | 9.8x | 10.2x |

## Sector Update

The Energy sector continued to lag the S&P 500 in February as it has over the past several months. The performance came against a backdrop of mixed macro factors such as the potential demand boost from China reopening to supply growth with the U.S. planning to sell another 26 million barrels of oil from the Strategic Petroleum Reserve. Energy sector share price performance by sub-sector was fairly even with Energy Equipment & Services slightly beating the Oil, Gas & Consumables sub-sector during the period. Although the Energy sector has lagged behind the S&P 500 during the one-month, trailing three-month, and year-to-date periods, the sector has sharply outperformed on a trailing twelve-month basis relative to the S&P 500, as seen in the accompanying table.

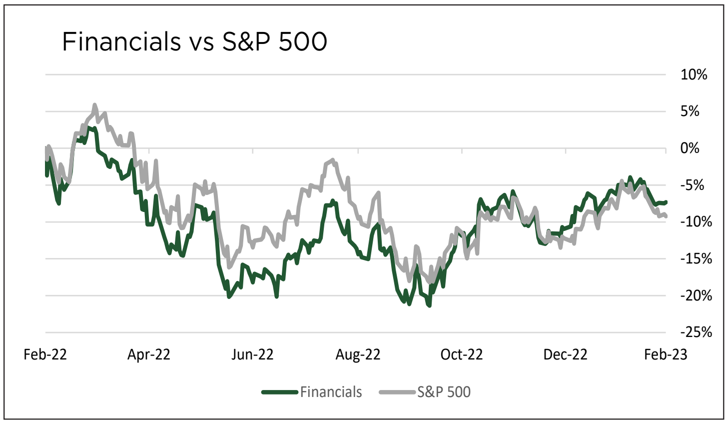
Oil markets surged higher in early February after Russia announced plans to cut oil production by 500,000 barrels per day beginning in March. The decision to cut production was attributed by Russia's Deputy Prime Minister to be in response to the price ceiling that western allies have imposed. The Group of Seven democracies (Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States) imposed a $60 per barrel price cap on Russian oil in an effort to limit oil related gains following the invasion of Ukraine.

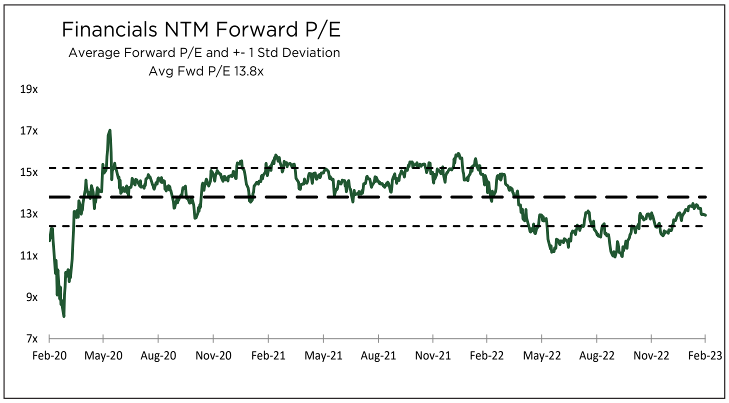
OPEC updated its outlook for global oil demand in 2023 by 100,000 barrels per day now expecting daily oil demand of 2.32 million barrels. The organization indicated that a key factor impacting the trajectory of 2023 oil demand will be growth in China as the country moves away from the zero COVID policy and reduces its mandatory mobility restrictions. OPEC boosted its growth forecast for daily China oil demand by 80,000 barrels per day contributing significantly to the increase in global demand growth expectations.

West Texas Intermediate crude oil prices were relatively flat for the month moving from the $79 per barrel range at the start of the month to the end of the month at about $77 per barrel. Natural gas prices broke the recent downward trend in prices moving from about $2.70 per million Btu to end the month at about $2.75 per million Btu. Retail gasoline prices declined in February to $3.46 per gallon at the end of the month from the $3.59 average price seen at the end of January.

The Baker Hughes oil rig count was down in the month coming in at 600 rigs for February versus 609 rigs in January. The oil rig count at month-end was above the prior year's level of 522 rigs as we have seen growth in rig counts over the past year. U.S. crude oil storage at 480 million barrels was up from last month's level of 453 million barrels. We note that storage levels have generally been declining off the 2020 pandemic highs and are currently above the prior year's level of 413 million barrels. Following the downturn seen during the height of the pandemic in 2020, U.S. crude oil production has been in an uptrend which continued during 2022. The trough daily production seen in 2020 was in the 9.7 million barrels per day range and has now rebounded to about 12.3 million barrels per day at the end of the month.

# FINANCIALS




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.45% | -1.56% | 4.09% | -7.32% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.61% | -2.70% | 3.40% | -9.23% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leader** | Everest Re Group Ltd | 9.8% |
| | Arch Capital Group Ltd | 8.8% |
| | Cincinnati Financial | 6.7% |
| | Progressive Corp | 5.3% |
| | CME Group Inc | 4.9% |
| **Laggards** | First Republic Bank | -12.7% |
| | Signature Bank | -10.8% |
| | Lincoln National Corp | -10.5% |
| | Moody's Corp | -10.1% |
| | BlackRock Inc | -9.2% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $41.23 | $45.57 | $50.49 |
| 14.4x | 13.0x | 11.7x |

## Sector Update

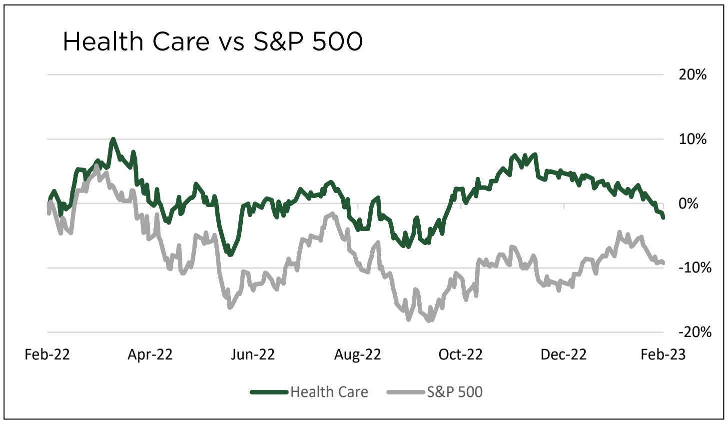
The Financials sector declined 2.45% in February but outpaced the 2.61% decline in the S&P 500 in the same period. Many early cycle and high beta stocks gave up some of their January gains as inflation and spending data came in hotter than expected in February, driving a back-up in rates across the yield curve as Fed rate policy expectations moved higher. While higher rates benefit insurance names and asset-sensitive lenders, increased monetary tightness has the potential to erode credit and lower economic growth resulting in three of five Financials sub-sectors underperforming the broader market return in February. The Financials sector continues to lead the S&P 500 over the past three months and on a trailing twelve-month basis.

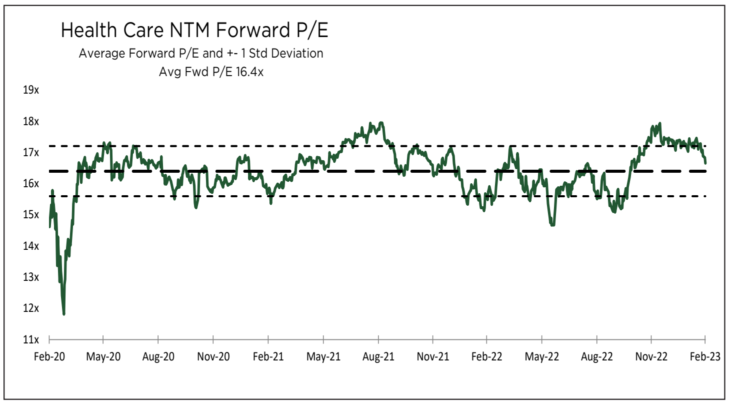
Banks were the leading sub-sector in February, down 1.4%. Capital Markets and Consumer Finance were the worst-performing subsectors, down 3.7% and 3.1%, respectively. We note the laggards in February were among the strongest performers in the prior month, with Consumer Finance up 20% in January. Many Capital Market sub-sector components are leveraged to equity and fixed income market levels, driving relative underperformance on soft market conditions in the month.

While the Insurance sub-sector declined 2.8% in February, sub-sector members dominated the individual leaders in the month. Insurers appear better positioned than lenders to benefit from elevated interest rates at this juncture given lenders will face deposit cost headwinds in 2023. Following year-end earnings, many lenders claimed to be asset-neutral to liability sensitive, meaning the rates paid on deposits are likely to increase at a faster rate than interest income. Insurers rarely hold deposits, and short duration investment portfolios are now able to be reinvested at substantially higher rates driving significant improvement in insurance NII. As such, consensus expectations point to ~28% earnings growth expectations in the Insurance sub-sector in 2023, and ~14.5% in 2024 that lead all other Financials categories.

In lending, credit performance remains top of mind in 2023. Given recessionary concerns, accelerating delinquencies, and the Fed's stated objective of weakening the labor market to quell inflation, it is difficult to project a catalyst for shares in this cyclically sensitive sector. Valuations appear fair to full at this juncture, and may be more rich than apparent given expectations of softening economic activity, lower loan demand, and rising credit costs likely to pressure profitability.

# HEALTH CARE




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -4.72% | -8.56% | -6.65% | -2.18% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.61% | -2.70% | 3.40% | -9.23% |

| | Company Performance | 1 Month |
|---|---|---|
| Leader | Catalent Inc | 27.4% |
| | West Pharma | 19.4% |
| | Align Technology Inc | 14.7% |
| | Edwards Lifesciences | 4.9% |
| | AbbVie Inc | 4.2% |
| Laggards | Moderna Inc | -21.2% |
| | Organon & Co | -18.7% |
| | Baxter International Inc | -12.6% |
| | Molina Healthcare Inc | -11.7% |
| | Centene Corp | -10.3% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $80.44 | $87.20 | $95.53 |
| 18.4x | 17.0x | 15.5x |

## Sector Update

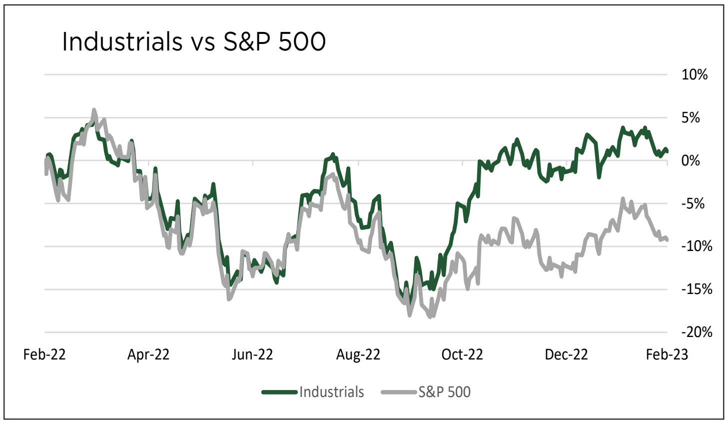
After rallying through January, markets sold off in February as inflation showed signs of renewing; tight labor markets with rising employment and wage trends sustained; and Fed policy refocused on remaining higher for longer. Interest rates moved sharply higher with the benchmark 10-year Treasury moving from 3.39% to 3.92% at month end. Thus, sentiment has shifted, with most anticipating Fed policy will remain tight for longer with the Fed funds rate widely expected to move higher by at least another 75 basis points into mid-year 2023. We expect equities to face competition from fixed-income investments, while a strong dollar drives Fx pressures that along with wage and interest expense impact corporate earnings prospects for 2023. As outlined in the adjacent graphic, the S&P 500 pulled back 2.61% in February. The more defensive Health Care sector retrenched by 4.72% which we view as being tied to individual company earnings shortfalls and or lackluster guidance for 2023, as well as to changes coming to government support for many Americans having health coverage under Medicaid, while China imposes payment cuts via volume based purchasing agreements for select pharmaceutical and medical products.

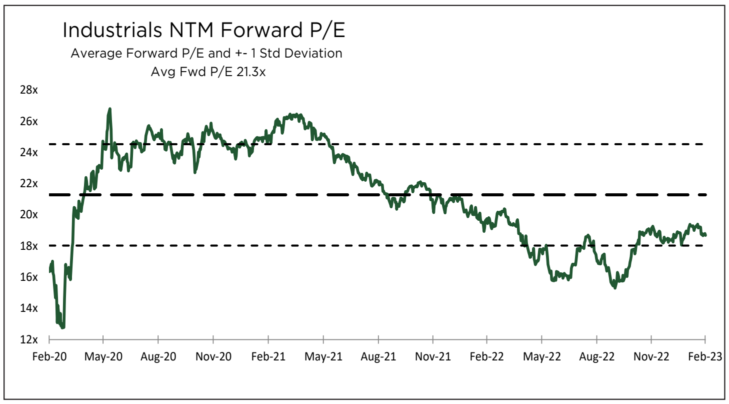
In the meantime, looking into 2023, health care firms that delivered valuable therapeutics, diagnostics, and equipment during the COVID pandemic will experience another year of headwinds as the pandemic fades (although the issue eases as the year progresses). Still, wage issues persist along with the availability of personnel among providers, while some supply chain issues hang over those requiring chips for equipment. As such, investors need to be highly selective at this juncture - focused on quality, larger cap stocks among companies offering value-added products/services that provide enhanced pricing power helping to sustain margins, earnings gains, and cash flow. We view the overall Health Care sector trading at approximately 17.0x 2023 forecasted earnings as being pretty fairly valued selling at a premium to the historical 16.4x multiple.

A few stocks within the health care realm that lagged measurably in 2022 have however rebounded including Catalent, West Pharmaceutical, and Align Technology. With a solid earnings report, Catalent announced an expanded manufacturing contract/relationship with Moderna, while reiterating 2023 earnings guidance. West Pharmaceutical delivered upside earnings with the latest results rebounding from a weak prior quarter despite slowing revenues from COVID related products sales. And, Align initiated a $250MM accelerated share buyback after seeing sequential improvement in quarterly sales, while the firm's CEO made a substantial share purchase.

In contrast, other companies reported disappointing quarterly results and or 2023 guidance below expectations, while concerns arose among health insurer issues that face headwinds as expanded Medicaid coverage for those impacted by COVID are set to terminate this year and preliminary rate increases for 2024 proposed for the Medicare Advantage program came through below projections. Among those in this camp were Moderna, Organon, and Baxter, who all missed on earnings, while both Molina and Centene are significantly exposed to Medicaid redeterminations and Medicare reimbursement on the health insurance front.

# INDUSTRIALS




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -1.17% | -0.72% | 2.46% | 1.09% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.61% | -2.70% | 3.40% | -9.23% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leader** | WW Grainger Inc | 13.4% |
| | Parker-Hannifin Corp | 7.9% |
| | Eaton Corp PLC | 7.8% |
| | United Rentals Inc | 6.3% |
| | United Airlines Holdings | 6.1% |
| **Laggards** | Johnson Controls Int | -9.8% |
| | Nordson Corp | -9.7% |
| | CoStar Group Inc | -9.3% |
| | Equifax Inc | -8.9% |
| | Norfolk Southern Corp | -8.5% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $39.00 | $44.64 | $50.83 |
| 21.8x | 19.1x | 16.8x |

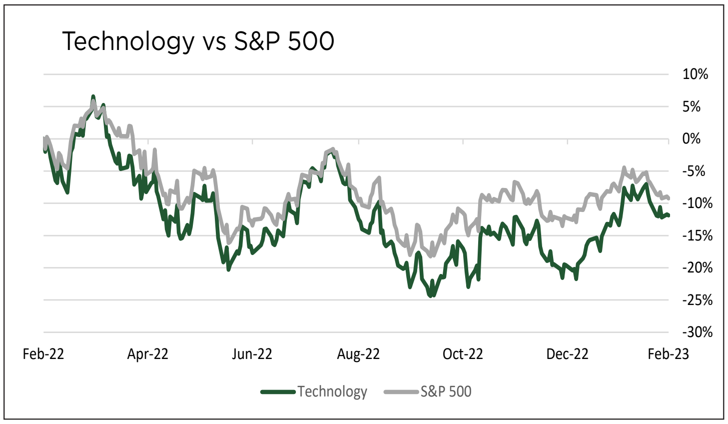
## Sector Update

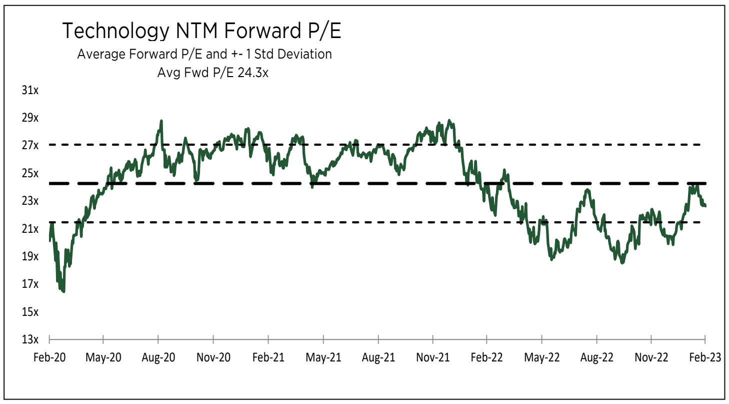
Performance across the Industrials sector was mixed in February as the sector declined 1.17% while outperforming the S&P 500's drop of 2.61%. Economic data in February pointed to a resilient labor market and rising price levels in the U.S., a short term positive for the cyclical stocks in the Industrials sector. The caveat to this reported economic strength remains an elevated likelihood that the Federal Reserve will keep rates higher for longer; a headwind for Industrials equities in the longer term. Subsector performance was also mixed in February, with Trading Companies & Distributers leading the group with a 7.0% return and Professional Services lagging behind the group with a decline of 6.5%.

W.W. Grainger (GWW) led the sector after upside fourth quarter results, along with an upbeat 2023 guide issued by management. United Rentals (URI), another member of the Trading Companies & Distributers subsector, was also a leader in the Industrials Sector with a return of 6.3%. The return was driven by similar business trends experienced by W.W. Grainger, particularly strong broad-based end market activity and positive consumer sentiment. The laggard of the group was Johnson Controls International (JCI) with a 9.8% decline, driven by an uncertain operating outlook and an unfavorable product mix reported in their quarterly earnings call.

The February manufacturing PMI registered 47.7%, 0.3% higher than the January reading of 47.4%. This rise in the reading breaks the trend of falling PMIs that arose over the last 2 months, although the figure still remains under 50% representing a contraction in the manufacturing sector of the economy. The New Orders Index also remained in contraction territory at 47%, 4.5% higher than the January figure. Survey panelists referenced softening new order rates over the previous nine months. The Industrials Sector is trading at a Forward P/E of 19.1x, down 0.2 points from last month's Forward P/E of 19.3, and below the sector's three-year average of 21.3x.

# INFORMATION TECHNOLOGY




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 0.29% | 0.35% | 9.58% | -11.88% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.61% | -2.70% | 3.40% | -9.23% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leader** | DXC Technology Co | 261.6% |
| | NVIDIA Corp | 18.8% |
| | ANSYS Inc | 14.0% |
| | Fortinet Inc | 13.6% |
| | Monolithic Power | 13.5% |
| **Laggards** | Akamai Technologies Inc | -18.4% |
| | Fidelity National | -15.6% |
| | Gen Digital Inc | -15.2% |
| | Adobe Inc | -12.5% |
| | Western Digital Corp | -12.4% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $90.17 | $101.22 | $116.92 |
| 26.4x | 23.5x | 20.4x |

## Sector Update

Market rose sharply in January, as investors believed that the U.S. Federal Reserve could be near the end of its rate tightening cycle. However, the continued strength of the U.S. economy and higher than expected inflation contributed to the pullback in the market (-2.61%) in February. Even though higher interest rates usually impact the valuations of technology companies, the Technology sector managed a slight gain in February. Investors were enthused by better than expected results and guidance from several technology companies, including Analog Devices, NVIDIA, and Palo Alto Networks.

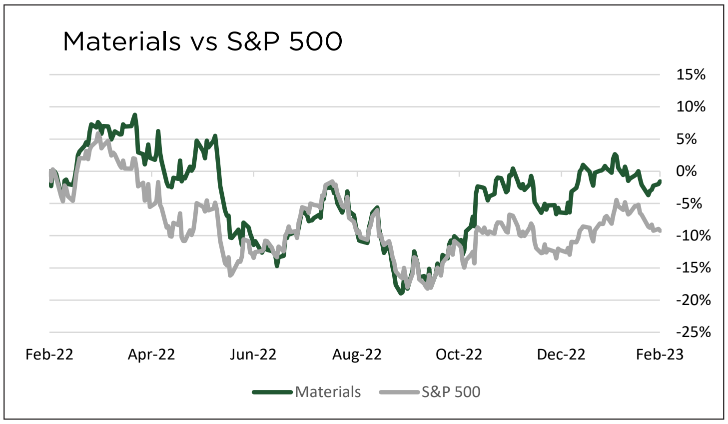
The Semiconductor & Semiconductor Capital Equipment sub-sector appreciated 4% in February driven by Analog Devices (ADI) and NVIDIA's (NVDA) better than expected results and an issued guidance ahead of investor expectations. ADI is benefiting from higher demand for its advanced semiconductor applications in the Automotive industry, including use for battery management systems (BMS) for electric vehicles (EV) and digital cockpit solutions. Higher demand is also supported by Industrial activity, including BMS systems for EV charging infrastructure, digital healthcare, factory automation, instrument and test, and sustainable energy, along with applicaitons for 5G Wireless (ADI's transceiver is utilized in 5G wireless base stations).

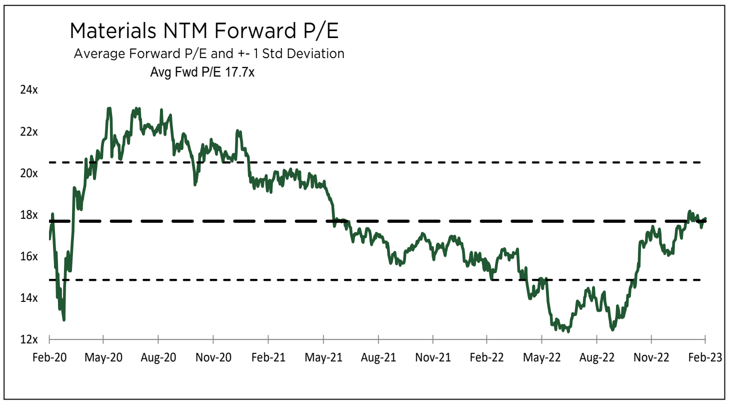
NVIDIA reported that cloud service providers have become more inclined to increase their spending on NVIDIA technology to support generative artificial intelligence (AI) due to the tremendous enthusiasm generated by the launch of ChatGPT (100 million users signed up over the past few months) and Microsoft's announcement that it would include ChatGPT as part of its Bing search service. NVIDIA believes that generative AI (the large language models that are the basis for chatbots like ChatGPT and Bard) could enhance software applications and potential analysis of proprietary data residing in corporate data centers.

Palo Alto Networks, the leading software security software company, reported better than expected results in guidance, which mitigated the decline in the Software sub-sector (-0.7%) in February. Despite more cautious corporate IT spending, Palo Alto Networks reported that corporations are increasing their spending on its cloud and network security applications to better protect their networks and devices from the escalating level of security threats.

The technology sector could underperform the market in the near-term, since the sector appears close to fairly valued, with a P/E of 23.5x, compared to its average twelve month forward P/E of 24.3x.

# MATERIALS




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -3.49% | -0.94% | 5.16% | -1.57% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.61% | -2.70% | 3.40% | -9.23% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leader** | Mosaic Co | 7.4% |
| | Linde PLC | 5.3% |
| | Steel Dynamics Inc | 4.5% |
| | Ecolab Inc | 2.9% |
| | CF Industries Holdings | 1.4% |
| **Laggards** | Westrock Co | -20.0% |
| | Newmont Corp | -17.6% |
| | International Flavors | -17.1% |
| | International Paper Co | -13.0% |
| | Sealed Air Corp | -11.2% |

**Consensus FY EPS / P/E**

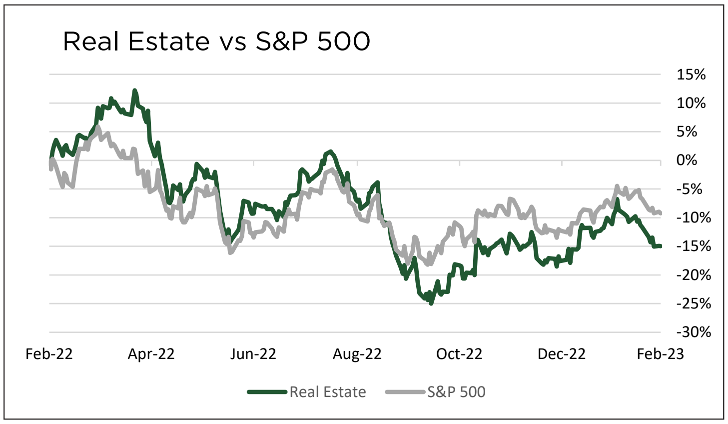
| Last Year | Current Year | Next Year |
|---|---|---|
| $34.44 | $28.86 | $31.36 |
| 14.9x | 17.8x | 16.4x |

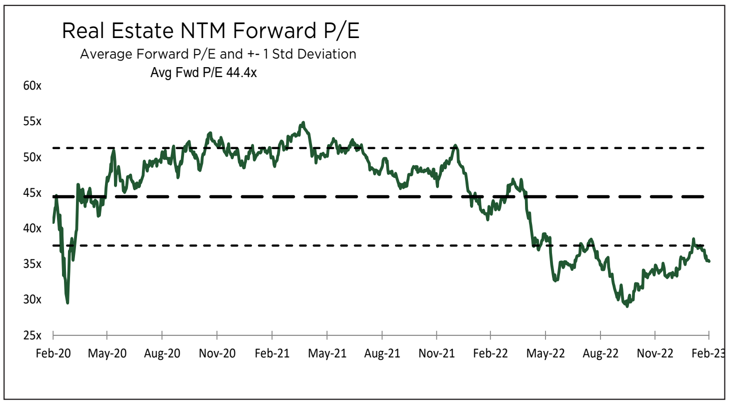
## Sector Update

The Materials segment decreased by 3.49% in February and underperformed the S&P 500 Index which decreased by 2.61%. All segments decreased in February with the greatest declines coming from both Containers and Packaging and Metals and Mining segments. Concluding the latest round of earnings updates, companies have issued a more cautious outlook to start 2023 reflecting ongoing uncertainties. The potential for the Chinese market reopening should offer a tailwind for the year while the global economies and markets remain volatile as it impacts companies serving such end markets as fertilizer, chemicals, packaging, glass, cement, and metals. The Materials segment continues to trade with a current forward P/E that is in line with its average forward P/E of about 17.7x. Selective investment among the group remains a key factor, and selective investment in the sector remains an attractive opportunity for long-term investors. Preferred areas for potential investment include hydrocarbon, coatings, and lithium.

Execution remains critical in an ongoing volatile global environment. China reopening remains a key factor to monitor across segments. The timing of input cost inflation (energy, freight, raw materials, etc) remains in focus regarding the timing of margin recovery and rate of pass-through of savings to customers. Key variables across the segments include supply and demand, pricing, consumer demand, supply chains, and labor. Potential industry consolidation is a theme resurfacing during management discussions about capital allocation, rising interest rates, and future growth opportunities. Recovery for the packaging companies is extended as exports declined double-digits in Q4 resulting in an excess of domestic inventory, resulting in an imbalance in consumer demand and supply. Chemical stocks have traded higher year-to-date on expectations that earnings have reached trough levels and the tailwinds for China reopening, input price moderation and consumer demand exist. Approaching the spring season, the outlook for the domestic housing industry is of growing interest. Recent data updates remain mixed with recent housing starts down 4.5% in January and missing the consensus, renewed higher mortgage interest rates, and pending home sales up 8.1% sequentially in January reflecting a dip in mortgage interest rates. The Materials companies could begin to realize strengthening margins as input costs moderate. An investment in the macro trend towards clean energy including lithium and hydrogen remains attractive. Industry position and well-diversified lithium assets remain key advantages along with the security of supply. Lithium stocks traded down recently on news of added capacity and lower pricing. It is no surprise that companies are adding lithium capacity to meet expected strong end market demand. Key factors remain the security of lithium supply, customer contracts, and achieving the end market demand. Key risks include a change in lithium prices or supply/demand forecast, China reopening, and the timing of costs.

# REAL ESTATE




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -6.07% | -2.46% | 3.18% | -14.95% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.61% | -2.70% | 3.40% | -9.23% |

| | Company Performance | 1 Month |
|---|---|---|
| Leader | Extra Space Storage Inc | 4.3% |
| | Essex Property Trust Inc | 0.9% |
| | UDR Inc | 0.6% |
| | CBRE Group Inc | -0.4% |
| | Welltower Inc | -1.2% |
| Laggards | Vornado Realty Trust | -18.9% |
| | SBA Communications | -12.8% |
| | Healthpeak Properties | -12.4% |
| | Boston Properties Inc | -12.2% |
| | Crown Castle Inc | -11.7% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $6.70 | $6.80 | $7.46 |
| 35.8x | 35.3x | 32.1x |

## Sector Update

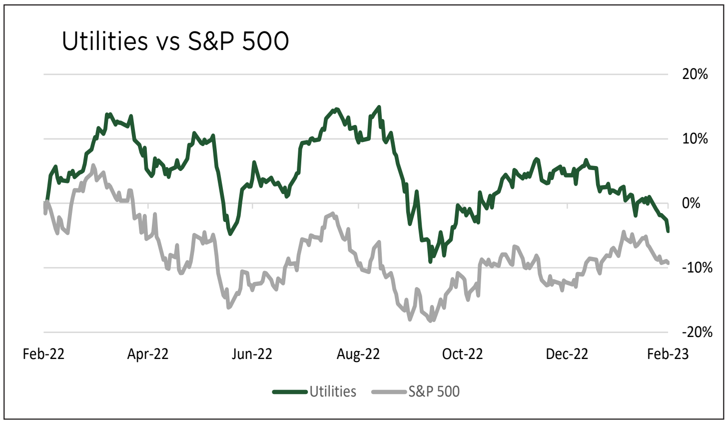
February was a tough month for equity investors as signs of renewed inflation and a stronger than anticipated U.S. economy drove interest rates up sharply, while the rally in equities that had extended into January ran out of steam. As a result, the S&P 500 backed off 2.61% for the month, while the interest rate sensitive Real Estate sector retrenched by 6.07%. Now that sentiment has shifted, anticipating Fed policy will remain tight for longer with the Fed funds rate widely expected to move higher by at least another 75 basis points into mid-year 2023, we expect bond proxy equity investments to face competition from government bonds among investors seeking income. In the meantime, the economic outlook for 2023 and 2024 remains uncertain with analysts shifting views on subsectors within the Real Estate sector of late. American consumers have continued to focus on experiences and services that have positioned lodging providers the ability to raise RevPAR rates at a double digit pace – setting the stage for strong growth in 2023. Health care REITs involved in the senior housing subsector have experienced measurably stronger occupancy rates with the abatement of the COVID pandemic – with leasing spreads also poised to rise double digits into 1Q2023. And, warehouse demand remains stout and positioned for steady growth in 2023. On the other hand, office occupancy rates remain below par in several major urban markets (notably New York and Seattle), limiting pricing power on rental rates; while 5G deployment and churn post the T Mobile-Sprint consolidation is impacting the cell tower sector. And, of course, rising interest rates have a material impact on the real estate sector with interest expense rising that dampens prospects for FFO growth in 2023. All of this points to a challenging environment for the Real Estate sector in 2023.

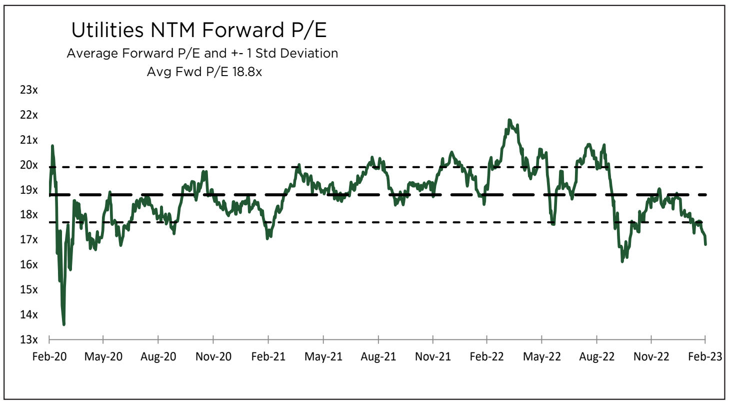
With recently reported 4Q2022 company operating results, managements offered a preliminary outlook for 2023. In general, we again point to commentary as supportive of a challenged business environment expected by many companies in 2023. Prime examples of this include a 29% cut in Vornado's dividend being announced along with 4Q22 results that underwhelmed investors. A combination of 22% vacancy rates at New York office space and higher interest rates will weigh on operations in 2023. Boston Properties reported flat occupancy trends – an encouraging sign – but again noted the impact to FFO from rising interest rates with expectations being trimmed. Concerns over the pace and growth of the 5G rollout – possibly slowing in 2023 – impacted shares of both Crown Castle and SBA Communications, while tough comps from 2022 remain a secondary issue as well.

On the other hand, Extra Space Storage delivered upside 4Q2022 FFO results and announced an 8% dividend increase with the stock being one of the few to show appreciation in February despite a flattish outlook for 2023. Modest appreciation in share valuations was also forthcoming for Essex Property and UDR which met or exceeded expectations. Essex reported upside 4Q2022 operating results but noted that the firm is seeing weakness in the key Seattle office space market with the shares up just under 1% for the month.

Rising interest rates remain the headwind for the Real Estate sector in 2023 – not only impacting operations, but also offering investors attractive returns via low risk fixed income investment. As such, we anticipate that given economic uncertainties forecast to persist through 2023, along with the aforementioned positive returns available from alternative fixed income products, the Real Estate sector will remain challenged at least through 1H2023.

# UTILITIES




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -6.36% | -8.98% | -8.27% | -4.27% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.61% | -2.70% | 3.40% | -9.23% |

| | Company Performance | 1 Month |
|---|---|---|
| Leader | NiSource Inc | -1.2% |
| | Pinnacle West Capital | -1.2% |
| | PG&E Corp | -1.8% |
| | Public Service | -2.4% |
| | FirstEnergy Corp | -3.4% |
| Laggards | Dominion Energy Inc | -12.6% |
| | Constellation Energy | -12.3% |
| | American Water Works | -10.3% |
| | AES Corp | -10.0% |
| | PPL Corp | -8.5% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $17.04 | $18.90 | $20.36 |
| 19.3x | 17.4x | 16.1x |

## Sector Update

The Utilities sector declined 6.36% in February, lagging the 2.61% pullback in the S&P 500 as rates across the yield curve moved higher on the back of hotter than expected inflation and spending data. The Utilities sector lagged the S&P in the past three months, but outpaced the market on a trailing-twelve month basis by ~500bps. Given its historically defensive characteristics, the sector failed to rally alongside early cycle and high beta names as the market cheered decelerating Fed rate hikes and lower inflation reads in January. Further, Utilities broadly underperformed in February as rates backed up across the yield curve given the sector's historical inverse price relationship to yields. The past two months' relative performance seems representative of our 'caught in the middle' narrative discussed in this publication in recent iterations.

Interest rates appear to have been the primary driver of weak Utilities performance in February, particularly considering the largest increase in yields was in the two and three year maturities, up more than 60bps M/M. Against risk free two-year rates in the ~4.8% range at month end, the Utilities sector dividend yield appears less attractive at ~3.5% in the same period.

In February, every Utility sector component declined from the prior month on broad-based weakness. The Electric Utilities sub-sector was the best performing, with a 6% contraction in February. Water Utilities, including just American Water Works (AWK), was the worst performing sub-sector in the month, down 10.7%.

Dominion Energy (D) was the worst performing Utility in February, down 12.6% in the month. Shares continue to be under pressure as substantial uncertainty remains in the wake of its ongoing strategic review and recent legislative proposals in Virginia. On its year-end call in February, D refrained from issuing full year 2023 guidance or longer-term earnings projections while offering little clarity around the direction and progress of its business review. D remains committed to its current dividend level, but the implication of reaching a ~60% payout ratio "over time" suggests the outcome of its review could drive near-term earnings dilution.

While we continue to think many Utilities are somewhat 'caught in the middle' between historical defensiveness and inflationary pressures against long-term capital expenditure backlogs and increased borrowing costs—the sector appears more attractively valued relative to its historical earnings multiple. Investors are no longer pinned to bond proxy equities in a search for income with two-year treasury yields closing February in the 4.8% range; however, compression in yields or a relative weakening in broader market earnings trends could drive improved demand for Utility shares.

# ECONOMIC CALENDAR

| Date | Release | For | Prior |
|---|---|---|---|
| 7-Mar | Wholsale Inventories | Jan | 0.10% |
| 7-Mar | Consumer Credit | Jan | $11.6B |
| 8-Mar | MBA Mortgage Applications Index | 3/4 | -5.7% |
| 8-Mar | ADP Employment Change | Feb | 106K |
| 8-Mar | Trade Balance | Jan | -$67.4B |
| 8-Mar | JOLTS - Job Openings | Jan | 11.012M |
| 8-Mar | EIA Crude Oil Inventories | 3/4 | 1.17M% |
| 8-Mar | Fed's Beige Book | Mar | NA |
| 9-Mar | Initial Claims | 3/4 | 190K |
| 9-Mar | Continuing Claims | 2/25 | 1655K |
| 9-Mar | EIA Natural Gas Inventories | 3/4 | -81 bcf |
| 10-Mar | Nonfarm Payrolls | Feb | 517K |
| 10-Mar | Nonfarm Private Payrolls | Feb | 517K |
| 10-Mar | Unemployment Rate | Feb | 3.40% |
| 10-Mar | Avg. Hourly Earnings | Feb | 0.30% |
| 10-Mar | Average Workweek | Feb | 3470 |
| 10-Mar | Treasury Budget | Feb | -$38.8B |
| 14-Mar | CPI | Feb | 0.50% |
| 14-Mar | Core CPI | Feb | 0.40% |
| 15-Mar | MBA Mortgage Applications Index | 3/11 | NA |
| 15-Mar | Empire State Manufacturing | Mar | NA |
| 15-Mar | Retail Sales | Feb | 3.00% |
| 15-Mar | Retail Sales ex-auto | Feb | 2.30% |
| 15-Mar | PPI | Feb | 0.70% |
| 15-Mar | Core PPI | Feb | 0.50% |
| 15-Mar | Business Inventories | Jan | 0.30% |
| 15-Mar | NAHB Housing Market Index | Mar | 42 |
| 15-Mar | EIA Crude Oil Inventories | 3/11 | NA |
| 15-Mar | Net Long-Term TIC Flows | Jan | $152.8B |
| 16-Mar | Initial Claims | 3/11 | NA |
| 16-Mar | Continuing Claims | 3/4 | NA |
| 16-Mar | Housing Starts | Feb | 1309K |
| 16-Mar | Building Permits | Feb | 1339K |
| 16-Mar | Philadelphia Fed Index | Mar | -24.3 |
| 16-Mar | Import Prices ex-oil | Feb | 0.30% |
| 16-Mar | Export Prices ex-ag. | Feb | 0.80% |
| 16-Mar | EIA Natural Gas Inventories | 3/11 | NA |
| 17-Mar | Industrial Production | Feb | 0.00% |
| 17-Mar | Capacity Utilization | Feb | 78.30% |
| 17-Mar | Leading Indicators | Feb | -0.3% |
| 17-Mar | Univ. of Michigan Consumer Sentiment - Prelim | Mar | 67 |
| 21-Mar | Existing Home Sales | Feb | 4.00M |

# ECONOMIC CALENDAR

| | | | |
|---|---|---|---|
| 22-Mar | MBA Mortgage Applications Index | 3/18 | NA |
| 22-Mar | FOMC Rate Decision | Mar | 4.50-4.75% |
| 23-Mar | Initial Claims | 3/18 | NA |
| 23-Mar | Continuing Claims | 3/11 | NA |
| 23-Mar | Current Account Balance | Q4 | -$217.1B |
| 23-Mar | New Home Sales | Feb | 670K |
| 23-Mar | EIA Natural Gas Inventories | 3/18 | NA |
| 24-Mar | Durable Orders | Feb | -4.5% |
| 24-Mar | Durable Goods - Ex Transportation | Feb | 0.70% |
| 28-Mar | Adv. Intl. Trade in Goods | Feb | -$91.5B |
| 28-Mar | FHFA Housing Price Index | Jan | -0.1% |
| 28-Mar | S&P Case-Shiller Home Price Index | Jan | 4.60% |
| 28-Mar | Consumer Confidence | Mar | 102.90% |
| 29-Mar | MBA Mortgage Applications Index | 3/25 | NA |
| 29-Mar | Pending Home Sales | Feb | 8.10% |
| 29-Mar | EIA Crude Oil Inventories | 3/25 | NA |
| 30-Mar | Initial Claims | 3/25 | NA |
| 30-Mar | Continuing Claims | 3/18 | NA |
| 30-Mar | GDP-Third Estimate | Q4 | 2.70% |
| 30-Mar | GDP Deflator - Third Estimate | Q4 | 3.90% |
| 30-Mar | EIA Natural Gas Inventories | 3/25 | NA |
| 31-Mar | Personal Income | Feb | 0.60% |
| 31-Mar | Personal Spending | Feb | 1.80% |
| 31-Mar | PCE Prices | Feb | 0.60% |
| 31-Mar | PCE Prices - Core | Feb | 0.60% |
| 31-Mar | Chicago PMI | Mar | 43.6 |
| 31-Mar | Univ. of Michigan Consumer Sentiment - Final | Mar | NA |

# DISCLOSURES

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An index is not available for direct investment; therefore, its performance does not reflect the expenses, fees and taxes generally paid with the active management of an actual portfolio.

Sectors and sector components defined by Standard & Poor's GICS Level 1 index. For the list of all holdings in GICS Level 1 index sectors, contact your Davenport Financial Advisor.

**Leaders:** Represent top five best stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

**Laggards:** Represent top five worst stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

**Members:** The GICS Level 1 Telecommunication Services sector has only three component companies. This sector will not include "Leaders and Laggards", but will show all three members and their price performance over the previous calendar month.

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