

Open-End Net Fund Flows (\$)	2/23	1/23	YTD (Feb)
Equity	-21.7B	-30.2B	-51.9B
Taxable Bond	16.3B	9.6B	25.9B
Municipal Bond	1.8B	8.0B	9.8B
Hybrid	-5.9B	-3.2B	-9.1B
Taxable Money Market	49.7B	22.4B	72.0B

Key Interest Rates/Yields	3/31/23	2/28/23	3/31/22
Federal Funds Target Rate	5.00%	4.75%	0.50%
2-Year T-Note	4.03%	4.82%	2.34%
5-Year T-Note	3.58%	4.18%	2.46%
10-Year T-Note	3.47%	3.92%	2.34%
Bond Buyer 40	4.40%	4.67%	3.89%

Commodities/U.S. Dollar	3/23	YTD	12 Mo.
U.S. Dollar Index (DXY)	-2.25%	-0.98%	4.27%
Refinitiv/CC CRB Excess Ret.	-0.78%	-3.61%	-9.30%
Crude Oil/WTI (per Barrel)	-1.79%	-5.72%	-24.54%
Natural Gas (per million BTUs)	-19.33%	-50.48%	-60.72%
Gold Bullion (Ounce)	7.20%	7.82%	1.02%

Total Return Performance

U.S. Stock Indices	3/23	YTD	12 Mo.
S&P 500	3.67%	7.48%	-7.75%
DJIA	2.08%	0.93%	-1.98%
Nasdaq 100	9.54%	20.77%	-10.35%
S&P MidCap 400	-3.21%	3.79%	-5.17%
Russell 2000	-4.78%	2.73%	-11.63%
Russell 3000	2.67%	7.17%	-8.61%

U.S. Styles/Market Caps	3/23	YTD	12 Mo.
S&P 500 Growth	5.85%	9.63%	-15.34%
S&P 500 Value	1.31%	5.15%	-0.20%
S&P MidCap 400 Growth	-1.13%	5.02%	-6.48%
S&P MidCap 400 Value	-5.33%	2.50%	-4.10%
Russell 2000 Growth	-2.47%	6.07%	-10.63%
Russell 2000 Value	-7.18%	-0.67%	-12.98%

Foreign Stock Indices (USD)	3/23	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	2.22%	8.02%	-2.74%
MSCI Emerging Markets NET	3.03%	3.96%	-10.70%
MSCI Europe NET	2.37%	10.56%	1.38%
MSCI BRIC NET	3.16%	0.84%	-8.27%
MSCI EM Latin America NET	0.84%	3.93%	-11.05%
Nikkei 225	5.40%	7.01%	-5.72%

Bloomberg Fixed Income Ind.	3/23	YTD	12 Mo.
U.S. Treasury: Intermediate	2.45%	2.27%	-1.54%
GNMA 30 Year	1.88%	2.60%	-4.49%
Municipal Bond (22+)	3.00%	4.27%	-3.64%
U.S. Aggregate	2.54%	2.96%	-4.78%
Intermediate Corporate	2.00%	2.50%	-1.99%
U.S. Corporate High Yield	1.07%	3.57%	-3.34%
Global Aggregate	3.16%	3.01%	-8.07%
EM Hard Currency Aggregate	1.48%	2.27%	-5.41%

Sources: Bloomberg and Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

March 16, 2023 marked the one-year anniversary of the Federal Reserve's ("Fed") first rate hike of the current cycle. Since then, the Fed announced a total of nine consecutive rate increases, taking the federal funds target rate (upper bound) from 0.25%, where it stood on 3/15/22, to 5.00% as of 3/31/23. It seemed that every Fed action brought a new wave of arguments regarding whether it was doing too much or too little to quell stubbornly high inflation. In our view, while we cannot be certain, it appears that the Fed's actions may be having an impact. Inflation, as measured by the trailing 12-month rate of change in the Consumer Price Index (CPI), stood at 6.0% on 2/28/23, down 3.1 percentage points from its trailing 12-month high of 9.1% set on 6/30/22. While 6.0% is still elevated compared to long-term averages, the drop is likely to provide welcome relief to U.S. consumers, who appear to be bearing the brunt of higher prices. In March, the University of Michigan's Consumer Sentiment Index fell by nearly 8% month-over-month. Additionally, there are signals that the U.S. economy may be responding to higher interest rates. ADP reported that private payrolls rose by 145,000 in March, well below the estimated 210,000 private sector jobs that were expected to have been added for the month, and further from the 261,000 that were added in February. March also saw the shuttering of Silicon Valley Bank, which was second-largest bank to fail in U.S. history. Even so, the Fed carried on with rate hikes, increasing the federal funds target rate (upper bound) by an additional 0.25% on 3/22/23.

Stock Market

The S&P 500 Index closed March 2023 at 4,109.31, 14.33% below its all-time closing high of 4,796.56 on 1/3/22, according to Bloomberg. The S&P MidCap 400 and S&P SmallCap 600 Indices stood 13.69% and 19.37%, respectively, below their record closing highs as of 3/31/23. In March 2023, the S&P 500 Index posted a total return of 3.67%. Seven of the eleven major sectors that comprise the index registered positive total returns for the month. The top-performer was Information Technology, up 10.93%, while the worst showing came from Financials, which were down 9.55%. The S&P 500 Index posted a total return of -7.75% over the trailing 12-month period ended 3/31/23. Three of the eleven major sectors were up on a total return basis. The index's top performer was Energy, up 13.39%, while the worst showing came from Real Estate, down 19.75%. Full-year 2023 earnings estimates declined month-over-month, with forecasted earnings per share falling to \$219.0 as of 3/31/23 from \$220.5 and \$223.1 on 3/3/23 and 1/31/23, respectively. This decrease is reflected in Bloomberg's consensus 2023 year-over-year (y-o-y) earnings growth rate estimates for the S&P 500 Index, which stood at -2.15% as of 3/31/23. A Bloomberg survey of 24 equity strategists found that their average 2023 year-end price target for the S&P 500 Index was 4,050 as of 3/16/23, according to its own release. In what could be seen as a signal of strength, stock buybacks and dividend distributions have been robust. In a report released on 3/21/23, S&P Dow Jones Indices reported that the companies that comprise the S&P 500 Index repurchased a record \$922.7 billion of their shares and distributed a record \$564.6 billion in dividend payments in the 2022 calendar year.

Bond Market

The yield on the benchmark 10-year Treasury Note (T-note) closed trading on 3/31/23 at 3.47%, down 45 basis points (bps) from its 3.92% close on 2/28/23, according to Bloomberg. The 3.47% yield stood 128 bps above its 2.19% average for the 10-year period ended 3/31/23. Year-to-date (YTD), through 3/31/23, the yield on the 10-year T-note has fallen by 41 bps, representing a decline of 10.5%. As many investors know, bond yields and prices typically move in opposite directions. As evidenced by the total returns in the Bloomberg Fixed Income table to the left, each of the fixed income indices we track experienced positive total returns over the one month and YTD periods. Despite the recent price recovery among fixed income assets, the yield curve in the U.S. remains inverted. A study by the New York Federal Reserve found that an inverted yield curve is a historically reliable indicator that a recession could occur in the next 12 months. Notably, even after plummeting by 79 bps in March, the yield on the 2-year T-note remained 56 bps above the yield on the 10-year T-note as of 3/31/23.

Takeaway

The first quarter may be in the rearview mirror, but the Fed's battle with inflation does not seem to be. While it appears that tighter monetary policy might be slowing the growth of the CPI, it could also be hobbling the economy, in our opinion. After growing at its fastest pace in nearly two years in January, personal consumption expenditures, which make up nearly 66% of U.S. GDP, slowed to 0.2% in February. Private-sector hiring appears to be stalling with private payrolls increasing by 145,000 in March vs. 261,000 in February. Furthermore, the Labor Department's Job Openings and Labor Turnover Survey (JOLTS) revealed that available positions fell to below 10 million openings for the first time since May 2021. Layoffs, especially in the Technology sector have surged this year. YTD through 4/5/23, 558 tech companies have laid off over 167,000 workers, nearly 3,000 more than were let go through all of 2022 combined. The Fed finds itself in an unenviable position, in our opinion. On one hand, an overly restrictive policy is likely to usher in a recession. On the other, inflation remains well above their 2.0% target.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	4796.56	1/3/2022	1541.61	4/18/2013	4109.31	-14.33%	7.48%	1.68%
S&P 500 Growth	3423.28	12/27/2021	814.51	4/18/2013	2579.29	-24.65%	9.63%	1.36%
S&P 500 Value	1575.22	2/2/2023	718.36	4/18/2013	1500.86	-4.72%	5.15%	2.03%
S&P MidCap 400	2910.70	11/16/2021	1104.79	4/18/2013	2512.16	-13.69%	3.79%	1.88%
S&P MidCap 400 Growth	1427.19	11/16/2021	497.25	4/18/2013	1161.98	-18.58%	5.02%	1.49%
S&P MidCap 400 Value	932.50	2/2/2023	373.28	3/23/2020	826.43	-11.37%	2.50%	2.29%
S&P 100	2219.44	1/3/2022	695.10	4/18/2013	1874.42	-15.55%	10.13%	1.61%
DJIA	36799.65	1/4/2022	14537.14	4/18/2013	33274.15	-9.58%	0.93%	2.11%
Nasdaq 100	16573.34	11/19/2021	2741.95	4/18/2013	13181.35	-20.47%	20.77%	0.84%
Russell 2000	2442.74	11/8/2021	901.51	4/18/2013	1802.48	-26.21%	2.73%	1.67%
Russell 2000 Growth	1709.62	2/9/2021	516.60	4/18/2013	1154.03	-32.50%	6.07%	0.88%
Russell 2000 Value	2643.45	11/8/2021	1067.63	3/23/2020	2059.29	-22.10%	-0.67%	2.53%
Russell 3000	2804.93	1/3/2022	914.70	4/18/2013	2366.27	-15.64%	7.17%	1.66%
MSCI World Net (ex U.S.) (USD)	7936.92	9/6/2021	4189.62	2/11/2016	7207.48	-9.19%	8.02%	3.29%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	505.29	-27.74%	3.96%	3.17%
Ibovespa/Brazil (USD)	29488.46	1/2/2020	9077.09	1/21/2016	20055.16	-31.99%	-4.65%	9.49%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	996.76	-48.07%	2.97%	9.14%
S&P BSE 500/India (USD)	337.94	1/13/2022	95.89	9/3/2013	282.01	-16.55%	-5.00%	1.44%
Shanghai Composite/China (USD)	832.07	6/12/2015	317.13	6/27/2013	476.47	-42.74%	6.40%	2.59%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	1.90	-35.21%	7.28%	1.91%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	2598.77	-38.72%	2.88%	4.09%
MSCI Euro (USD)	1705.00	9/6/2021	865.50	3/18/2020	1540.89	-9.63%	15.38%	3.14%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	416.31	4/3/2013	1163.98	-30.44%	16.05%	0.97%
S&P 500 Consumer Staples	841.99	4/20/2022	402.28	6/20/2013	780.38	-7.32%	0.83%	2.51%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	634.90	-13.86%	-4.71%	4.13%
S&P 500 Utilities	394.81	9/12/2022	183.44	6/20/2013	344.01	-12.87%	-3.24%	3.13%
S&P 500 Financials	688.85	1/12/2022	240.21	4/18/2013	535.28	-22.29%	-5.56%	1.93%
S&P 500 Banks	461.87	1/12/2022	165.98	4/18/2013	285.45	-38.20%	-12.29%	3.68%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	716.07	-26.94%	1.69%	4.30%
S&P 500 Health Care	1664.59	4/8/2022	534.50	4/1/2013	1510.73	-9.24%	-4.31%	1.67%
S&P 500 Pharmaceuticals	1037.48	12/14/2022	430.70	4/1/2013	921.37	-11.19%	-8.33%	2.62%
NYSE Arca Biotechnology	6319.77	2/8/2021	1800.68	4/9/2013	5307.71	-16.01%	0.57%	0.29%
S&P 500 Information Technology	3107.46	12/27/2021	460.42	4/19/2013	2638.98	-15.08%	21.82%	0.96%
Philadelphia Semiconductor	4039.51	12/27/2021	413.88	4/18/2013	3230.86	-20.02%	28.04%	1.34%
S&P 500 Communication Services	288.46	9/1/2021	130.86	12/24/2018	191.53	-33.60%	20.50%	0.92%
S&P 500 Industrials	905.63	1/4/2022	348.74	4/18/2013	856.59	-5.42%	3.47%	1.74%
S&P 500 Materials	569.63	12/31/2021	234.68	4/15/2013	507.92	-10.83%	4.29%	2.19%
Philadelphia Gold & Silver	167.76	4/14/2022	38.84	1/19/2016	131.44	-21.65%	9.37%	1.99%
Refinitiv/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	267.73	-18.77%	-3.61%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	179.47	8/19/2013	278.03	-13.03%	2.38%	7.13%
ICE BofA U.S. High Yield Constrained	522.13	12/28/2021	313.74	2/11/2016	480.58	-7.96%	3.72%	8.57%

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