

Weekly Update – July 24, 2023

Market Returns Ending 7/21/2023			
Category	1 Week	YTD	1 Year
US			
Large Cap	0.7%	19.2%	15.4%
Mid Cap Growth	0.1%	18.9%	15.9%
Mid Cap Value	1.4%	9.0%	9.0%
Small Cap	1.5%	12.2%	8.4%
International			
Developed	-0.3%	14.9%	20.1%
Emerging	-1.0%	8.5%	6.1%
Bonds			
Aggregate	0.0%	2.24%	-1.8%
High Yield	0.0%	6.4%	6.1%

US Equity Style Returns			
	Weekly		
	Value	Core	Growth
Large	2.1	0.7	-0.5
Mid	1.4	1.1	0.1
Small	2.3	1.5	0.7
	YTD		
	Value	Core	Growth
Large	8.2	19.2	31.0
Mid	9.0	12.6	18.9
Small	7.4	12.2	16.8

Source: Bloomberg

Key Events: A heat wave, but a cooling economy

In contrast to the heat wave much of America is suffering through, the economy is cooling:

- The conference board index of leading economic indicators has declined for 15 monthsⁱ,
- Q2 earnings season cooled this week, reflecting the 6th straight quarter of profit margin declines. Earnings are still expected to grow, however, for the full year and in 2024ⁱⁱ.
- Inflation expectations continue to cool.ⁱⁱⁱ

Market review: growth stocks take a pause

Value stocks shined this week as large cap growth was the only style to lose money. The S&P 500 gained 0.7% for the week while small cap value stocks earned 2.1%.

International and emerging market stocks lost money.

Bonds stood still, anticipating the Fed meeting next week.

Outlook: Expecting the Fed too cool off as well

The Federal Reserve meets next week, and the market expects them to announce the final interest rate hike of the cycle. The market expects, in a shift from earlier in the year, that the Fed will not cut rates this year.

This reflects the strengthening of data the market has been processing. High yield bond spreads remain low, indicating the bond market does not expect a recession. This contrasts with economists' expectations for a recession, illustrated in the chart below.

Listen to our Q3 market update webinar, recorded on July 18, to

hear our perspective on the economy and markets.

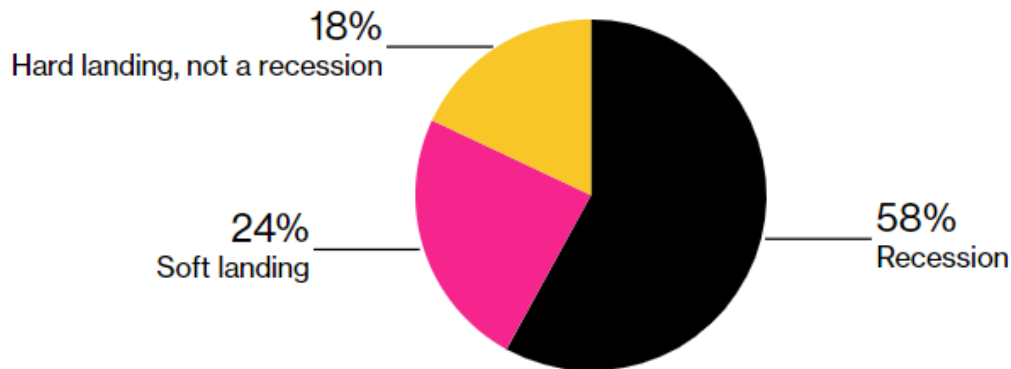
[OneAscent Market Update: Q3 2023](#)

Recession expectations^{iv}



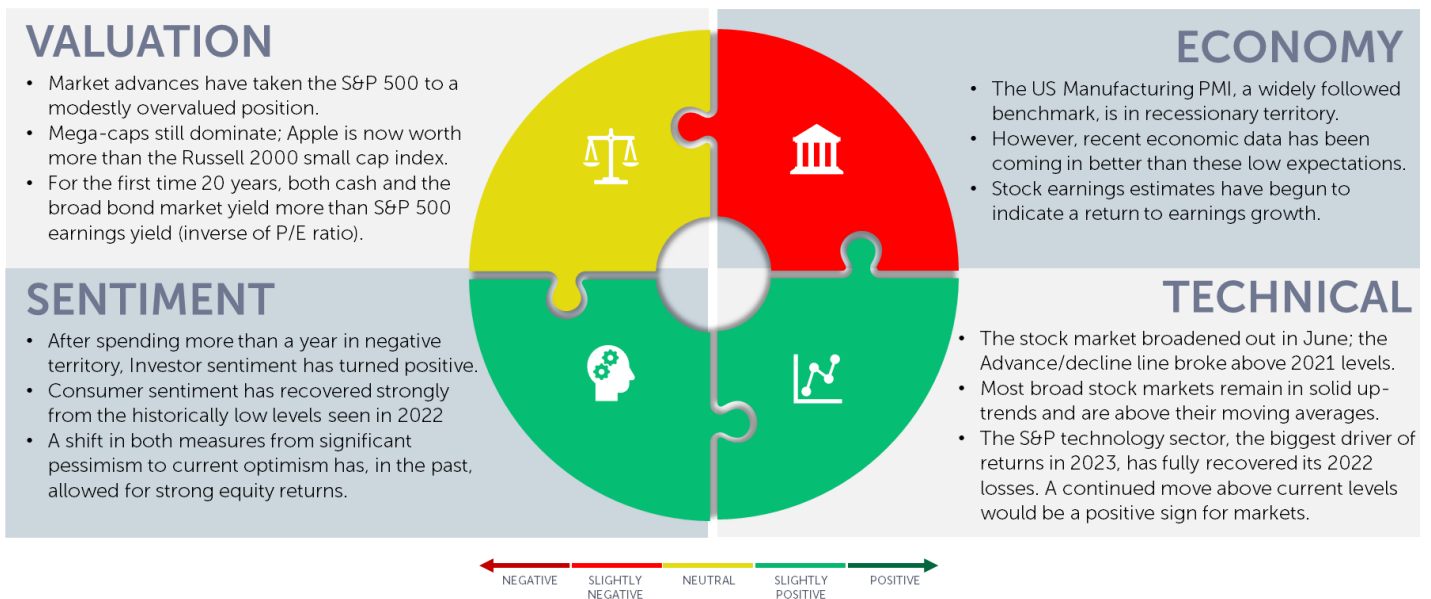
Most Economists Expect a US Recession Within 12 Months

About a quarter see a continued expansion with a soft landing



Source: Bloomberg News survey of economists July 13-18
Economists were asked if US would have a recession in the next 12 months

OneAscent Navigator Outlook: July 2023



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ⁱ Source: *The Conference Board Leading Economic Index*[®] [US Leading Indicators \(conference-board.org\)](https://www.conference-board.org/US-Leading-Indicators)

ⁱⁱ Source: Factset earnings insight

ⁱⁱⁱ Source: NY Fed inflation expectations survey – 1-year. [Survey of Consumer Expectations - FEDERAL RESERVE BANK of NEW YORK \(newyorkfed.org\)](https://www.newyorkfed.org/outlook/survey-of-consumer-expectations)

^{iv} Source: Bloomberg

^v Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield