

# Capital Markets Snapshot

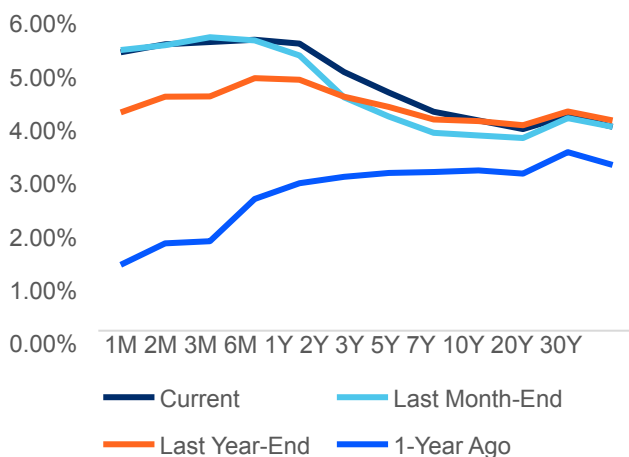
Week ending June 30, 2023

Positive economic news during the week helped the equity markets close out June on a high note. The Fed's favored inflation metric, the Price Consumption Expenditures (PCE) Index slowed to an annual rate of 3.8%, down from April's reading of 4.3%. The core CPE, which excludes food and energy prices, also decreased to 4.6% from the previous reading of 4.7%. Other favorable economic news for the week included U.S Durable Goods orders surprising to the upside with an increase of 1.7% and upward revisions to both 1st quarter GDP and the University of Michigan Consumer Sentiment Index.

## Fixed Income Markets Overview

- This week's strong economic data pushed U.S. Treasury yields higher. The yield inversion between the 2- and 10-year U.S Treasury widened to 106 basis points as of Friday.
- While the core PCE Index report showed decreasing inflationary pressure, it is still above the Fed's preferred target of 2.0%. As a result, by Friday, the CME FedWatch tool raised the probability of a July 25-basis point rate hike by the Fed to 87%.
- Higher mortgage rates are still not deterring home buyers. New home sales in May exceeded estimates, rising by 12%.

### U.S. Treasury Yield Curve



Source: Bloomberg and U.S Treasury as of June 30, 2023

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)	
Short	1-3 Year Govt/Credit	-0.16%	1.15%	-0.91%	1.08%	
	Core Plus	Intermediate Govt/Credit	-0.24%	1.50%	-2.44%	1.23%
		International Aggregate	-0.27%	1.43%	-4.97%	-1.09%
		US Aggregate	-0.26%	2.09%	-3.96%	0.77%
		US Treasury	-0.38%	1.59%	-4.75%	0.44%
		US TIPS	-0.32%	1.87%	-0.12%	2.49%
		US Corporate	0.15%	3.21%	-3.49%	1.76%
		US Corporate High Yield	0.83%	5.38%	3.04%	3.36%
		Other	Emerging Markets Aggregate	0.07%	3.30%	-2.76%
Muni	US Municipals	-0.02%	2.67%	-0.58%	1.84%	
	US Municipals High Yield	0.06%	4.43%	1.75%	2.79%	

Source: Bloomberg as of June 30, 2023

#### Interest Rates (%)

Date	6/30/2023	5/31/2023	12/30/2022	6/30/2022
Federal Funds Rate	5.24%	5.28%	4.12%	1.28%
3 Month Treasury	5.43%	5.52%	4.42%	1.72%
6 Month Treasury	5.47%	5.46%	4.76%	2.51%
2 Year Treasury	4.87%	4.40%	4.41%	2.92%
5 Year Treasury	4.13%	3.74%	3.99%	3.01%
10 Year Treasury	3.81%	3.64%	3.88%	2.98%
30 Year Treasury	3.85%	3.85%	3.97%	3.14%
US Aggregate	4.81%	4.59%	4.68%	3.72%
US Corporate	5.48%	5.37%	5.42%	4.70%
US Corporate High Yield	8.50%	8.81%	8.96%	8.89%
US Municipal	3.52%	3.64%	3.55%	3.21%
US Municipal High Yield	5.71%	5.82%	5.83%	5.30%

#### Spreads Over 10-Year US Treasuries

Date	6/30/2023	5/31/2023	12/30/2022	6/30/2022
30 Year Treasury	0.04%	0.21%	0.09%	0.16%
US Aggregate	1.00%	0.95%	0.80%	0.74%
US Corporate	1.67%	1.73%	1.54%	1.72%
US Corporate High Yield	4.69%	5.17%	5.08%	5.91%
US Municipal	-0.29%	0.00%	-0.33%	0.23%
US Municipal High Yield	1.90%	2.18%	1.95%	2.32%

Source: Bloomberg and U.S Treasury as of June 30, 2023

## Equity Markets Overview

- It was a strong finish for the last week in June with each of the three major indices up over 2.0%. For the year to date, the Nasdaq was the clear leader of the equity indices, up by 32%.
- Nasdaq's strong first half of the year was largely attributed to the tech sector which had a gain of 42%, while Communications Services saw an increase of 36.2%. While most of the other sectors were able to show positive returns for the past six months, there were a few sectors that struggled. Most notably, last year's winner, the energy sector was down by 5.5% while utilities were down 5.7%. Other down sectors include the healthcare sector with a decline of 1.5% and financials down 0.5%.
- Tech giant Apple reached a market value of \$3 trillion on Friday. This was the first time a publicly traded company has reached this milestone.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	2.52%	16.15%	14.52%	11.83%
Large-Cap	S&P 500	2.36%	16.89%	14.41%	12.31%
	S&P 500 Growth	2.08%	21.25%	11.45%	13.01%
	S&P 500 Value	2.70%	12.15%	16.84%	10.58%
Mid-Cap	S&P Midcap 400	4.33%	8.84%	15.71%	7.79%
	S&P Midcap 400 Growth	4.14%	10.44%	11.35%	7.16%
	S&P Midcap 400 Value	4.54%	7.16%	20.14%	8.00%
Small-Cap	S&P Smallcap 600	4.36%	6.03%	15.75%	5.22%
	S&P Smallcap 600 Growth	4.12%	7.02%	12.23%	5.22%
	S&P Smallcap 600 Value	4.61%	5.06%	19.24%	4.96%
Int'l.	MSCI ACWI ex-USA	1.32%	9.47%	7.11%	3.52%
	MSCI EM	-0.04%	4.89%	2.11%	0.93%

Source: Bloomberg as of June 30, 2023

## Alternative Markets Overview

- Oil had a rebound this week and closed up by almost 2.0%. For the year to date, the price of oil has fallen by almost 10%.
- Gold fell slightly for the week, down by -0.3%, but is up 5.2% for the year.
- While Bitcoin pulled back slightly this week, the cryptocurrency has seen an appreciation of 85% over the past six months.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-0.10%	-7.54%	24.69%	2.76%
Gold	-0.95%	5.43%	2.59%	8.87%
FTSE All Equity NAREIT	5.29%	2.97%	5.27%	4.78%
Bitcoin	-1.54%	83.14%	48.70%	38.85%
Ethereum	1.38%	60.65%	102.65%	36.28%

Source: Bloomberg as of June 30, 2023



### Upcoming Week

- Despite the shortened holiday week, look for some significant economic releases including the ISM Manufacturing Index, U.S. Factory Orders, and Construction Spending.
- The June Non-Farm Payroll report will be released on Friday. Current expectations are looking for a gain of 236,000 jobs according to Bloomberg.
- Another key release for the week will be the June FOMC meeting minutes where the markets will gauge the comments among the Committee members on potential future rate hikes.

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## Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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