

THINGS TO WATCH

– **CAN THE EQUITY RALLY CONTINUE?** After failing twice in the last two weeks to break above 4,200, the S&P 500 surged to 4,282 on Friday, within 0.5% of its 52-week closing high of 4,305 on August 16, 2022. Further upside for the index to the likely next major resistance level of 4,500 will probably require broader sector participation from out of favor groups like healthcare, industrials, materials, energy, and financials.

– **GLOBAL CENTRAL BANKS:** U.S. Federal Reserve officials are in a communication blackout period ahead of the Federal Open Market Committee's (FOMC) June 13-14 meeting and interest rate decision. With "Fed speak" on mute, investors will turn their attention to other major global central banks' rate decisions this week including the Reserve Bank of Australia (RBA) Tuesday, Bank of Canada (BOC) Wednesday, and Reserve Bank of India (RBI) on Thursday. The RBA, BOC and RBI are expected to hold their policy rates at 3.85%, 4.5%, and 6.5%, respectively.

– **CHINA ECONOMIC DATA:** This week, a batch of trade, inflation, and credit data from China should provide an update on whether the world's second largest economy has picked up steam in what has thus far been a lackluster COVID-reopening recovery. Late last week, several news outlets reported Chinese regulators were considering new measures to support the faltering property market including reducing down payments on home purchases, lowering agent commissions on home sales, and allowing private equity funds to raise money for residential real estate development.

– **APPLE SHOWCASE:** Apple's (AAPL) Worldwide Developers Conference kicks off this morning at its Cupertino, CA corporate campus. The iPhone-maker's mixed-reality headset is set to get the most publicity as the company's first major new product category since the Apple Watch in 2014. The device, which will reportedly come with a price tag around \$3,000, is designed to blend virtual reality (VR) and augmented reality (AR) for communication, video consumption, wellness, and productivity applications.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
S&P CoreLogic CS 20-City U.S. HPI (Y/Y)	-1.2%	4.6%	▼
JOLTS Job Openings (Millions)	10.10	10.56	▼
ISM Manufacturing PMI	46.9	47.7	▼
Non-Farm Payrolls (Thousands)	339	248	▲
Unemployment Rate	3.7%	3.6%	▲
Average Hourly Earnings (Y/Y)	4.3%	4.7%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	33762.76	2.02%	1.86%	1.55%
NASDAQ	13240.77	2.04%	26.51%	7.50%
S&P 500	4282.37	1.83%	11.53%	2.53%
MSCI EAFE	2070.06	-0.52%	6.49%	1.85%
BB U.S. Aggregate	2103.76	1.47%	2.69%	-1.69%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	5.36%	5.11%	1.12%
10-Year Treasury	3.69%	3.42%	2.91%

REPORTS DUE THIS WEEK	LATEST
S&P Global U.S. Services PMI	55.1
ISM Services PMI	51.9
Durable Goods Orders (M/M)	1.1%
Consumer Credit (\$ billion)	26.51

Price returns are as of 6/2/23. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

34.3

The number of hours in an average workweek in the U.S. during May. This is the lowest level since April 2020, down from a recent peak of 35.0 in January 2021. Some commentators pointed to the dip in hours worked as a negative offset to the big upside surprise in net jobs added in May (339,000 vs. median estimate of 195,000) because employers tend to cut hours before laying off staff during periods of economic weakness.

24.2%

As of May 31, the percentage of the S&P 500's total market capitalization contained in the index's five largest stocks (Apple, Microsoft, Alphabet, Amazon.com, NVIDIA). According to Bloomberg Intelligence, this is the highest reading since 2000 and is nearly 10% above the 23-year average of 14.3%. The market capitalizations of these five companies sum to nearly \$9 trillion, roughly equal to the combined estimated annual gross domestic product (GDP) of Germany and Japan in 2023.

DISCLOSURES



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