

MARKET WATCH

Market Index	Close	Week	Y-T-D
DJIA	32,237.53	+1.18%	-2.74%
NASDAQ	11,823.96	+1.66%	+12.97%
MSCI-EAFE	2,052.04	+3.29%	+5.56%
S&P 500	3,970.99	+1.39%	+3.42%

TODAY'S TOPICS

Mid-Week Outlook

Chart – Historical US Bank Failures

Chart - Update on Fed Funds Interest Rate Expectations

Key Market Levels

This Week / What We Are Watching

World Back Up Day: March 31st

Upcoming Events – Save The Date!

OUTLOOK

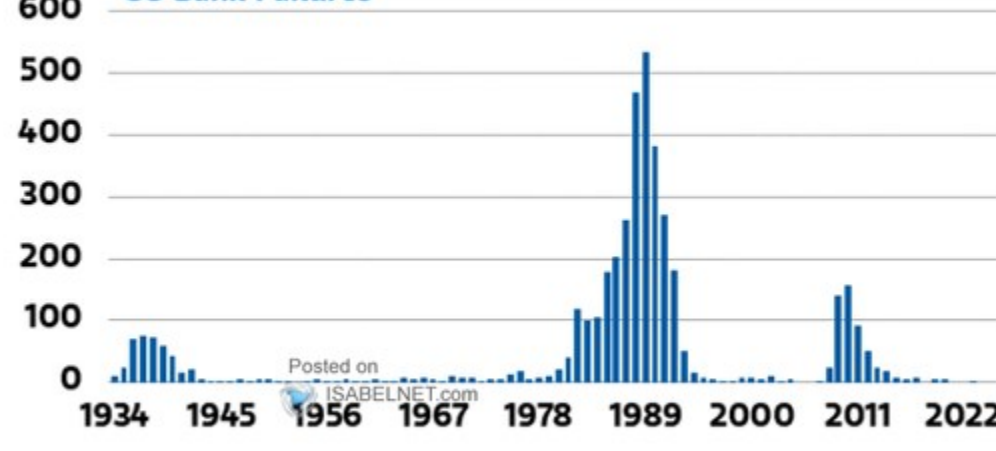
The 2023 equity market continues to lack a definitive trend (i.e. uptrend/downtrend) as we close out the first-quarter already after this coming Friday's close of business. We will always take a sideways market over a 2022-type downtrend market any day but investors are still frustrated in 2023 nonetheless. Market participants can't make up their mind on where stocks will go from here because of the lack of clarity on how the bank crisis will play out, and whether the FOMC's next move will be a hike, pause, or cut.

Tying it all together, the biggest question currently is whether the Fed can battle inflation while at the same time provide proper stimulus to the banking sector. The inflation battle requires restrictive monetary policy yet helping the banking sector requires expansionary monetary policy. **While the idea does sound like a bit of an oxymoron at first, we believe the Fed can in fact do both at the same time although we'd concede it is a tricky task.** The rationale is that the Fed can continue to battle inflation with its rate hike tool and at the same time it can help the banking sector with its balance sheet or quantitative easing tools. For now, it does appear more-likely-than-not that the Fed has created a proper firewall around the banking crisis that took out three US banks including Silicon Valley Bank, Signature Bank, and Silvergate Bank. Could there be more? Of course, but we believe the proper course of action was taken for now.

HISTORICAL BANK FAILURES

You can see that 2023 bank failures are so far tiny compared to other flare-ups over time. The 2023 number will certainly grow but the below chart helps put more context around this story.

So Far This Year, Bank Failures Are Few



Source: BCA Research as of March 16, 2023

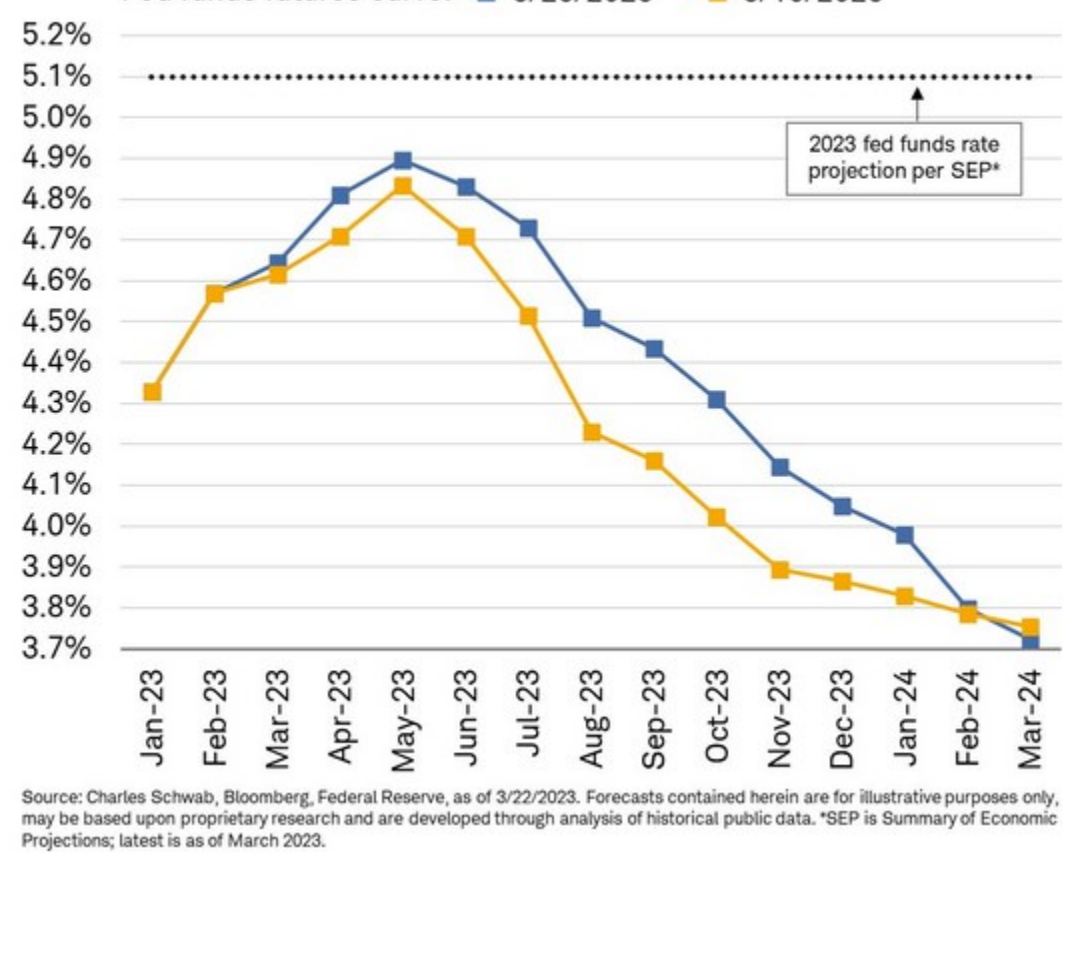
UPDATE ON FED FUNDS RATE

The market, as measured by the Fed Funds Futures curve, continues to aggressively push back against the Fed's expectation of holding 5.1% fed funds rate this year as shown in the blue and yellow lines.

Before the recent banking crisis, the market was more in agreement with Fed's narrative of higher rates for longer but has since diverged considerably.

The blue line shows the market is expecting a peak rate of 4.9% in May, and a few rate cuts to 4.0% by December 2023. The Fed Funds rate is currently at 5% on the upper boundary.

(Source: Charles Schwab, Liz Ann Sonders, 3/24/23).



Source: Charles Schwab, Bloomberg, Federal Reserve, as of 3/22/2023. Forecasts contained herein are for illustrative purposes only, may be based upon proprietary research and are developed through analysis of historical public data. *SEP is Summary of Economic Projections; latest is as of March 2023.

MARKET SUPPORT



The next level of resistance to watch for the S&P 500 on the upside is at 4,100.

The next levels of support to watch for the S&P 500 on the downside are at around 3,800 and 3,666.

These are key technical levels we look for the market to either hold or push through when look at the potential for future moves. Common support levels can be the 50- and 200-day moving averages as well as other technical levels such as previous market highs or lows.

WHAT WE ARE WATCHING

The following economic data is slated to be released during the week ahead:

Monday: ---

Tuesday: S&P Case-Shiller home price index (Jan.), US Consumer Confidence (March)

Wednesday: ---

Thursday: Weekly initial jobless claims, GDP (2nd revision)

Friday: PCE Inflation Report (Feb.), Consumer Spending and Personal Income (Feb.), Univ. of Mich. Consumer Sentiment index (March)

WORLD BACK UP DAY



With so much of our lives spent online, it's sad to think of losing the important stuff. Pictures of your kids and grandkids; Personal items like cherished emails, texts, and voicemails from loved ones; Or the notes for that book you've thought of writing.

March 31 is World Backup Day, a worldwide reminder to back up your important files and information.

While it may seem like a small thing — taking the time to secure important documents, photos, computer files, and the like — you might be surprised to learn it's fairly common to do nothing and regret it later. According to the World Backup Day website, 21 percent of people have never backed up their files. It also indicates that 30 percent of computers harbor malware, which may be easily remedied by standard antivirus software.

If you've ever lost your phone or had your laptop sidelined by a virus, you surely remember the frustration. Help prevent those woes with a backup to your digital files today!

UPCOMING EVENTS



May 13th - Paper Shredding Event

May 24th - '7 Things No One Tells You About Retirement' Seminar

June 21st - A Closer Look At Social Security

August 2nd - Medicare 101

October 3rd - Cybersecurity

[Visit the events page](#)

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