**Weekly Market Commentary**

**February 27, 2023**

**The Markets**

Is it good news or bad news?

The answer depends on your perspective. Last week, we learned that:

**Consumer sentiment is at its highest level in more than a year**. Consumers are feeling better about current economic conditions and the future. That said, the University of Michigan Index of Consumer Sentiment remains 20 points below its long-term average. Consumer expectations for inflation over the next year increased from 3.9 percent to 4.1 percent and, over the longer term, consumers anticipate inflation will average about 2.9 percent.

**Americans spent more money in January**. Consumer spending is the primary driver of economic growth in the United States. In January, “consumers’ spending increased and after-tax incomes rose...Taken together, these indicators are the latest evidence that the U.S. economy started the year on a strong note — bucking signs of a slowdown at the end of last year,” reported Courtenay Brown of *Axios*.

**Business conditions improved in the U.S., overall**. In the United States, business conditions improved as demand for services increased, reported Lucia Mutikani of Reuters. In February, the S&P Global Flash U.S. Composite PMI Output Index came in at 50.2. Readings above 50 indicate the economy is expanding. For the last seven months, the reading has been below 50.

“The long tails of fiscal stimulus, for example, have propped up the economy for far longer than anyone expected. Excess consumer savings and an ebullient labor market fueled demand for travel, restaurant dining, and other services, where spending still has room to grow. And years of low interest rates have transformed the debt dynamics for the overwhelming majority of U.S. households, leaving them largely shielded, through fixed-rate mortgages, from the impacts of the Federal Reserve’s primary tightening tool,” reported Megan Cassella of *Barron’s*.

**Business conditions improved** **in many parts of the world**. February’s Flash PMI readings were above 50 for many regions, including the Eurozone (52.3), the United Kingdom (53.0), Japan (50.7), and China (50.1).

Greater optimism, improving business conditions, higher incomes, and more spending appear to be positive developments. The kicker is that they helped push inflation in the wrong direction. One of the Federal Reserve’s favored inflation indices showed inflation moving higher from December to January. That’s not what the Fed wanted to see. It has been working aggressively to tame inflation and recent economic data suggests it has more to work to do.

Major U.S. stock indices finished the week lower, according to Nicholas Jasinski of *Barron’s*. Treasury yields rose across many maturities.

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| **Data as of 2/24/23** | **1-Week** | **Y-T-D** | **1-Year** | **3-Year** | **5-Year** | **10-Year** |
| Standard & Poor's 500 Index | -2.7% | 3.4% | -7.4% | 7.2% | 7.4% | 10.3% |
| Dow Jones Global ex-U.S. Index | -2.4 | 3.6 | -7.9 | 0.4 | -1.2 | 1.7 |
| 10-year Treasury Note (yield only) | 4.0 | N/A | 2.0 | 1.4 | 2.9 | 1.9 |
| Gold (per ounce) | -1.3 | -0.1 | -6.5 | 2.7 | 6.3 | 1.3 |
| Bloomberg Commodity Index | -0.9 | -6.4 | -8.4 | 12.1 | 3.5 | -2.6 |

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

**FUN WITH MONEY IDIOMS.** We know that money doesn’t grow on trees, but that doesn’t stop us from saying it.We also say that people bring home the bacon, time is money, and money talks. These all are idioms – phrases that don’t mean what they say. For instance, money doesn’t really talk. Every country has its own money slang. See what you know about global money idioms by taking this quiz.

1. In Germany, they may say that someone ‘lives like a maggot in bacon.’ It means:
   1. They borrow from others and do not repay them
   2. They live a decadent lifestyle
   3. They pay too much for everything
   4. They live in a house full of flies
2. In Poland, this saying describes a person who doesn’t like to spend money:
   1. To slide in on a shrimp sandwich
   2. To be eating cables
   3. To be as phony as a $3 bill
   4. To have a snake in your pocket
3. If you live in Spain and ‘have more wool than a lamb,’ then you:
   1. Are very rich
   2. Talk about money too much
   3. Shop at expensive stores
   4. Prefer natural fabrics
4. In Holland, if you ‘buy something for an apple and an egg,’ what have you done?
   1. Bartered for goods
   2. Paid too much
   3. Found a real bargain
   4. Are a vegetarian

Whenever you need help getting your financial ducks in a row, get in touch. We’re happy to share our two cents!

**Weekly Focus – Think About It**

“A day without laughter is a day wasted.”

*—Charlie Chaplin, Comic actor*

Answers: 1) b; 2) d; 3) a; 4) c

Best regards,

Adam B. Hartung

P.S.  Please feel free to forward this commentary to family, friends or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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\* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.  However, the value of fund shares is not guaranteed and will fluctuate.

\* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

\* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client’s portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

\* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

\* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

\* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM.

\* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

\* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

\* The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

\* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

\* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

\* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

\* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

\* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

\* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

\* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

\* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.

\* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

\* Asset allocation does not ensure a profit or protect against a loss.

\* Consult your financial professional before making any investment decision.

\* To unsubscribe from the Market Commentary please click here or write us at [Team@MidwestMoneyManagement.com](mailto:Team@MidwestMoneyManagement.com).

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