

MARKET WATCH

| Market Index | Close | Week | Y-T-D |
|--------------|-----------|--------|---------|
| DJIA | 33,886.47 | +1.20% | +2.23% |
| NASDAQ | 12,123.47 | +0.29% | +15.83% |
| MSCI-EAFE | 2,144.77 | +2.08% | +10.33% |
| S&P 500 | 4,137.64 | +0.79% | +7.77% |

TODAY'S TOPICS

Mid-Week Outlook

4 Key Market Topics

Key Market Levels

This Week / What We Are Watching

April is Financial Literacy Month: Are You Undercutting Your Efforts to Build Wealth?

4 Key Market Topics to Know This Week:

1. Earnings Recession - As we enter Q1 earnings season, expectations are calling for a -6% drop in S&P 500 earnings after falling about -5% in Q4 2022, which is technically a mild "earnings recession" although the drop is still shallow so far based on other instances in history as shown below.

According to Bloomberg, *"It won't get any better in a period of economic contraction. Earnings usually drop before — and during — a recession. The pandemic was, of course, different because it was such a sudden stop of commerce and it lasted only for a short period. This cycle is more likely to follow older cycles, which means corporate earnings will fall a lot more after the two pre-recessionary quarters"*.

(Source Edward Harrison, Bloomberg, 4/18/23)

Earnings Usually Drop Before Recession
The pandemic was an anomaly

Source: Bloomberg

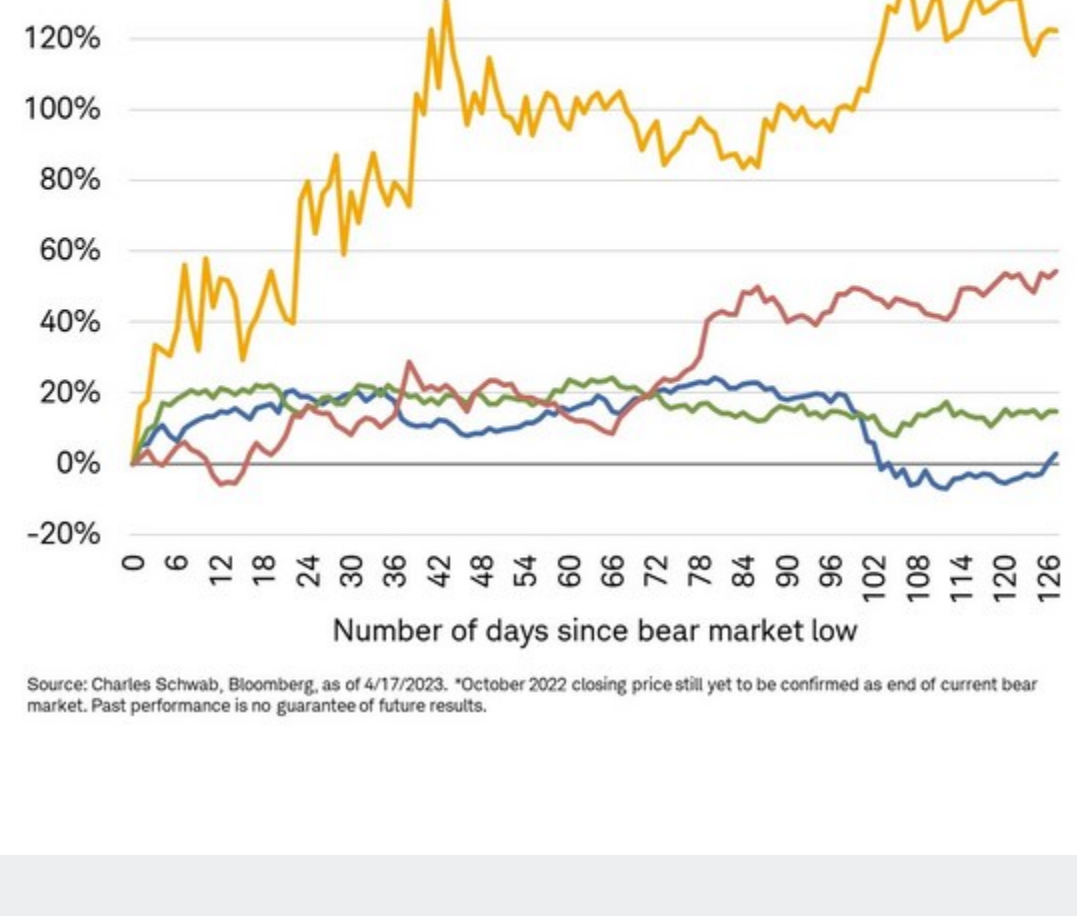
2. Beat the odds - Some of the nation's largest banks reported earnings last Friday, sending shares higher after beating estimates. The collapse of SVB is said to have helped the nation's biggest banks while raising additional questions from the rest of the regional banking sector as a whole. Here's a note from Barron's following the earnings reports last Friday: *"Big banks restored faith in the embattled sector as quarterly results from JP Morgan Chase, Citigroup, and Wells Fargo came in ahead of estimates. Memories of the recent banking panic appear to have faded as investors pushed up the stocks. But the industry still faces challenges, including declines in some credit metrics, outflows of deposits into money-market fund, and rising provisions for loan losses as banks set aside more money for a potential recession or economic slowdown"*.

3. Tight Lending - In the wake of midsize bank collapses, tighter bank lending is likely to slow US economic growth by an estimated 0.44% this year. Midsize banks are seeing the most negative effects from the Silicon Valley Bank debacle, and they account for about a third of bank lending in the US.

(Source: Hartford Funds, The Wall Street Journal 4/17/23)

4. Bank Performance - We are still waiting for better performance from the Regional Bank indexes before calling the "all clear" in the market. Liz Ann Sonders put together this analysis of prior market lows:

"Looking at past bear market lows associated with recessions (pandemic excluded given unique nature of cycle), S&P 500 Banks Index was up by at least double digits (%) 6 months after low ... currently, index is up only 2.7% since October 2022 low".



Look Out!:

"The Super Mario Bros. Movie smashed box offices in its opening weekend, raking in \$377 million globally. This makes it the second-biggest animated-film opening of all time behind Frozen 2".

(Source: Hartford Funds, Variety)



MARKET SUPPORT

The next level of resistance to watch for the S&P 500 on the upside is at 4,180.

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: NAHB Homebuilders' index (Apr.)

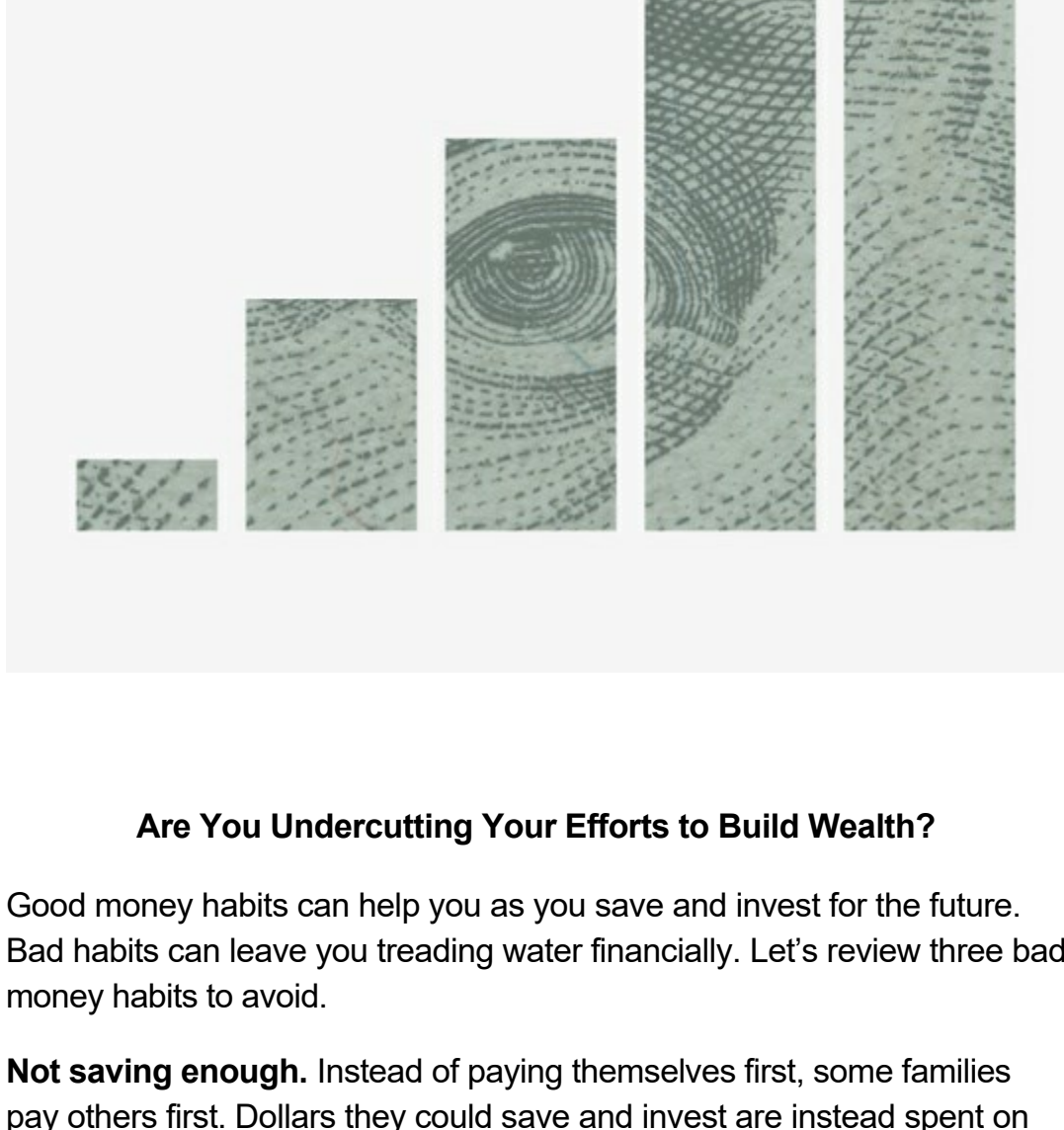
Tuesday: Housing Starts (Mar.)

Wednesday: ---

Thursday: Weekly initial jobless claims, Leading Indicators Index (Mar.), Existing Home Sales (Mar.)

Friday: ---

HABITS THAT WORK AGAINST WEALTH CREATION



Are You Undercutting Your Efforts to Build Wealth?

Good money habits can help you as you save and invest for the future. Bad habits can leave you treading water financially. Let's review three bad money habits to avoid.

Not saving enough. Instead of paying themselves first, some families pay others first. Dollars they could save and invest are instead spent on consumer goods and services they don't truly need. Money that could be saved and invested for tomorrow is spent today. Are there areas in your life that you could cut costs? Are you currently contributing to a savings account? If so, could you spare an extra \$50-100/month to that account?

Carrying too much debt. Every effort should be made to reduce the size of credit card bills, student loans, and other consumer debts that risk siphoning money away from the pursuit of your long-range financial objectives.

Investing too conservatively. Historically, equity investments offer the potential for double-digit returns when the markets perform well. Fixed-income investments are frequently dependent on interest rates; when interest rates are low, their value is greater. When interest rates increase, these investments are subject to increased loss in value. Accepting some risk may give an investor a chance for greater reward.

Questions for you: Are these habits slowing your wealth-building momentum? Why not see where you stand today and gauge the potential positive impact that can come from paying yourself first and adjusting the way you invest?

[Try our savings calculator](#)

PERSONAL FINANCE CALENDAR



Use this handy calendar to remember the year's most important financial dates.

[Learn More](#)

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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