

Weekly Market Commentary

April 17, 2023

The Markets

Keep your eye on the big picture.

Last week, there was nothing too surprising in economic and financial news.

Inflation eased, as expected, although it remained above the Federal Reserve (Fed)'s target rate.¹ The Treasury yield curve remained inverted with three-month Treasury bills yielding more than 10-year Treasury notes, as they have been since November 2022.² Also, we may be nearing an end to rate hikes around the world. *Bloomberg News* reported:

“With the first signs of dents in economic growth now visible, and fallout from financial-market tensions lingering, any pause by the Federal Reserve after at least one more increase in May could cement a turn in what has been the most aggressive global tightening cycle in decades.”³

Recession predictions for the United States continue to be prominent and varied, ranging from no recession to mild recession to deep recession over the next three to 18 months, reported Rafael Nam and Greg Rosalsky of *NPR*.⁴

Minutes from the Fed's March meeting were released last week, and they show that Federal Open Market Committee members think tightening credit conditions could result in a mild recession later this year with recovery following in 2024 and 2025.⁵

While the idea of an economic downturn can be unnerving, recessions are part of every economic cycle. In times of uncertainty, it can help to step back and look at the big picture: the United States is quite remarkable.

“Nearly four-fifths of Americans tell pollsters that their children will be worse off than they are. In fact, America has sustained its decades-long record as the world's richest, most productive and most innovative big economy. Indeed, it is leaving its peers ever further in the dust...American firms own more than a fifth of patents registered abroad, more than China and Germany put together,”⁶ noted Zanny Minton Beddoes of *The Economist*.

Economic and market uncertainty persists in the United States and elsewhere. We may experience a recession this year. We may not. Either way, it's important to keep the big picture in mind. Recessions are one part of the economic cycle – expansions are another.

Last week, major U.S. stock indices finished higher, reported Nicholas Jasinski of *Barron's*.⁷ In the Treasury market, yields on many maturities moved higher over the week.⁸

Data as of 4/14/23	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	0.8%	7.8%	-5.8%	13.3%	9.1%	10.3%
Dow Jones Global ex-U.S. Index	2.0	8.2	-3.7	8.3	0.1	2.1
10-year Treasury Note (yield only)	3.5	N/A	2.8	0.8	2.8	1.7
Gold (per ounce)	0.9	11.4	2.9	5.1	8.4	3.8
Bloomberg Commodity Index	1.5	-4.4	-18.6	19.6	3.9	-2.0

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.

WOOLLY MAMMOTH MEATBALLS, ANYONE? In late March, the Nemo Science Museum in Amsterdam unveiled a remarkable exhibit, featuring a prehistoric alternative to beef, reported Helen Chandler-Wilde of *Bloomberg*.⁹ The not-for-consumption, lab-cultured display featured:

“...a cantaloupe-size globe of overcooked meat perspiring under a bell jar. This was no ordinary spaghetti topper: It was a woolly-mammoth meatball, created by an Australian lab-grown-meat company...using real mammoth DNA,” reported Yasmin Tayag of *The Atlantic*.¹⁰

The meatball was made by combining genetic material found in mammoths with elephant DNA, reported *Bloomberg*. It’s not the first time a food product has been made from a long extinct species. In 2018, a company produced mastodon gummy bears using gelatin made with mastodon DNA.⁹

The mammoth meatball is intended to draw attention to cultured meat. That’s the most palatable marketing term for cellular protein farming. The meat “is grown in anything from a test tube to a stainless-steel bioreactor. The process is borrowed from research into regenerative medicine, and in fact [Professor] Mark Post of Maastricht University, who cultured the world’s first burger in 2013, was previously working on repairing human heart tissue,” reported Amy Fleming of *BBC Science Focus Magazine*.¹¹

Cultured chicken is already being served in Singapore, and the company that produces it has applied for approval in the United States.¹¹

It’s unclear whether cultivating meat in labs will be more environmentally friendly than traditional farming, but it’s a growing segment of the biotechnology industry.¹¹

Weekly Focus – Think About It

“Whenever you do a thing, act as if all the world were watching.”¹²

—Thomas Jefferson, founding father

Best regards,



Dan Holl, MSFS, AEP®, ChFC®, CLU®, RICP®, LUTCF

Financial Advisor, RJFS



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dan.holl@raymondjames.com

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2945 Shawano Ave | Green Bay, WI 54313

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- * 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.
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Sources:

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