Market Commentary

March 2023

- In March, equities were mostly up despite a tumultuous month of news surrounding regional banks in the US.[1]
- At its most recent meeting, the Fed raised interest rates 25 bps but signaled that rate increases are potentially nearing an end.
- Bonds and growth stocks, two of the most out of favor asset classes since the start of the Fed hiking cycle, had strong performance as investors hedged the possibility of a Fed pivot.[1]

MARKET TOTAL RETURNS AS OF MARCH 31, 2023[1]

	March %	YTD %	1 Year %	3 Year %	5 Year %	10 Year %
S&P 500 TR	3.67	7.50	-7.73	18.62	11.19	12.24
DJ Industrial Average TR	2.08	0.93	-1.98	17.33	9.01	11.15
NASDAQ Composite TR	6.78	17.05	-13.28	17.58	12.60	15.30
Russell 2000 TR	-4.78	2.74	-11.61	17.52	4.71	8.04
MSCI EM GR	3.07	4.02	-10.30	8.23	-0.53	2.37
MSCI EAFE GR	2.61	8.62	-0.86	13.53	4.03	5.50
Bloomberg US Agg Bond TR	2.54	2.96	-4.78	-2.77	0.91	1.36

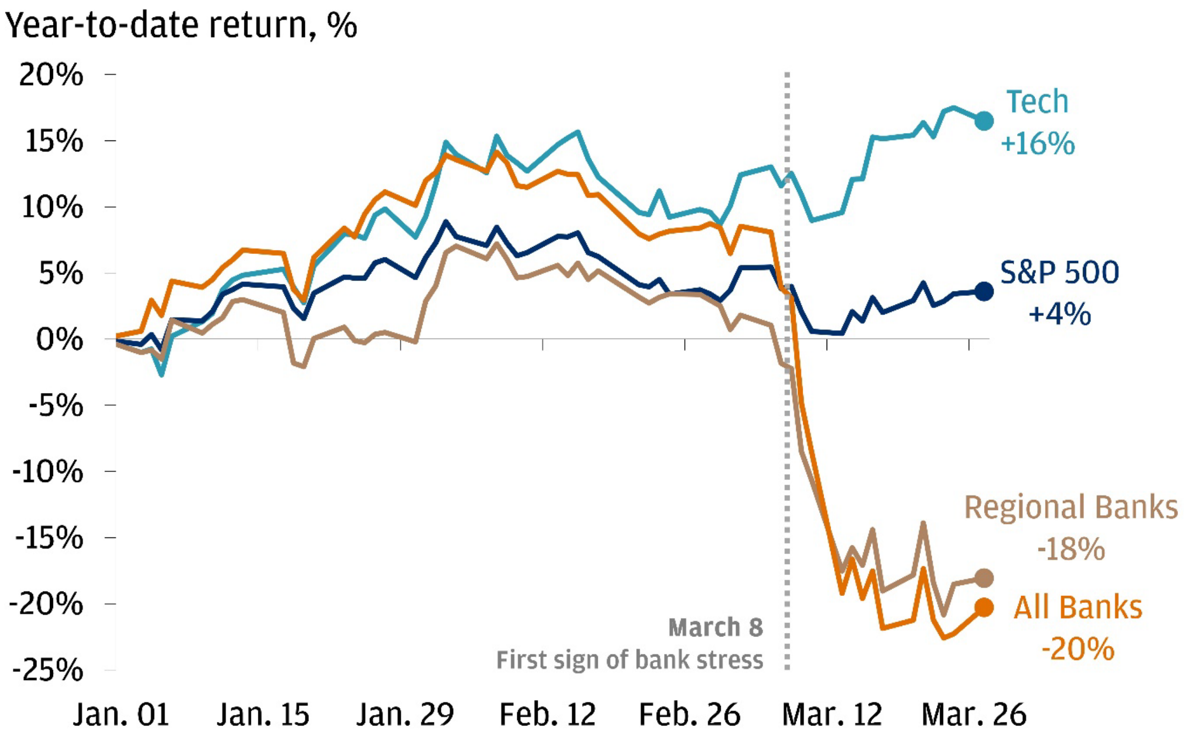
MARKETS

Volatility persisted in the month of March, with the CBOE Volatility Index (VIX) at one point spiking above 30 intraday, a sign that investors are growing more concerned about global financial conditions.

The big stories of the quarter were centered on regional banks, starting with the failures of Silicon Valley Bank (SVB) and Signature Bank (SBNY), which occurred in part due to the fastest Fed hiking cycle in history. Credit Suisse Group, AG, came to the brink of failure before a takeover by UBS Group, AG. Big banks in the U.S. also stepped in when First Republic Bank got swept up in the contagion.

Stocks showed resiliency; the S&P 500 Index ended the month up modestly, rising 3.67%, while the Dow Jones Industrial Average Index and the Russell 2000 Index had weaker performance ending the month up 2.08% and down 4.78% respectively. The Nasdaq Composite Index was the big winner of the major indices, returning 6.78%, as investors consider that the end of the Fed hiking cycle may be near.[1]

INDEX RETURNS AS OF MARCH 28, 2023[2]



Meanwhile, fixed income markets were broadly up over the quarter while a volatile 10-year Treasury overall fell from 3.82% to 3.55%.

THE FED AND RATES

In large part due to the banking crisis, the Fed began to change its tone on rates. While the Fed raised interest rates twice in the first quarter, 25 bps in February and 25 bps in March, officials offered some signs that the end of the hiking cycle may be near. Yields fell and bonds prices rose in response, with the yield on the U.S. 10 Year Treasury hovering around 3.4% as of publication. The Fed remains focused on its goal of two percent inflation, and the consumer price index (CPI) continues to gradually fall.

WHAT'S NEXT?

- **Volatility is likely to persist. Investing is long term.** Remember to keep your eyes on the horizon and focus on your long-term investment goals.
- **Look for signs of recession.** Now may be a good time to check in on portfolios and ensure they are not under-weight on fixed income exposure, which may offer income and portfolio protection in the event of another market downturn.
- **Check your cash management.** Due to higher interest rates, you can earn a yield on your cash too, whether in a savings account or through a CD. Make sure you know what you're earning.

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FOOTNOTES

Past performance is no guarantee of future returns.

The graphs and charts in this commentary are for illustrative purposes only and not indicative of any actual investment. Index returns do not reflect any fees, expenses, or sales charges. It is not possible to invest directly in an index. Stocks are not guaranteed and have been more volatile than other asset classes. Historical returns were the result of certain market factors and events which may not be repeated in the future. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgement in determining whether investments are appropriate for clients.

The information here is not intended to constitute an investment recommendation or advice.

Sources:

1. Data from Morningstar. Returns over one year are annualized.
2. JPMorgan Wealth Management. Source: Bloomberg Finance L.P., J.P. Morgan Wealth Management. Data as of March 28, 2023. Note: Tech proxied by the S&P 500 Technology Sector, Regional Banks by the KBW Regional Bank Index, and All Banks by the KBW Index.