WEST SHORE BANK

WEEKLY RECAP - March 6, 2023

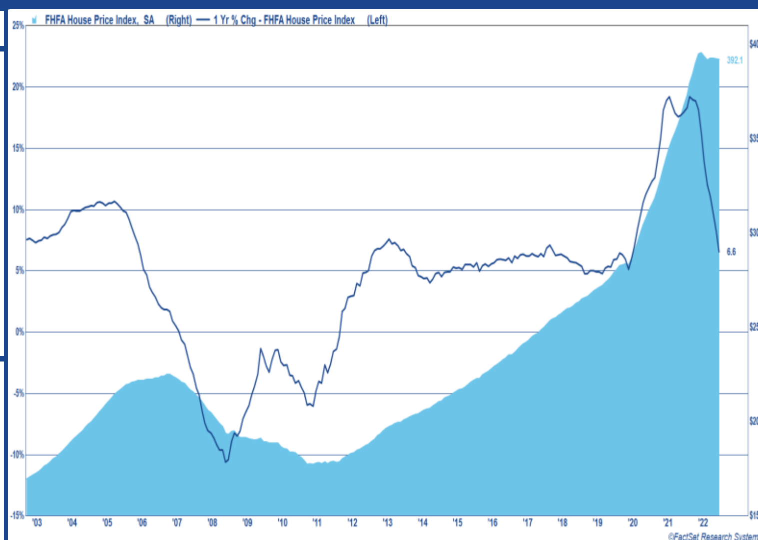
Economic & Market Commentary

Stocks moved higher and bonds treaded water in very choppy trading last week. Last Wednesday, the Institute for Supply Management released their February 2023 Manufacturing Survey report which posted its fourth straight contractionary reading at 47.7%. Rates below 50% are considered contractionary and above 50% expansionary. More importantly, the price component of the report posted its first expansionary reading in five months at 51.3%, and this sent bond yields sharply higher. The 2Yr Treasury bond hit an intra-day high of 4.97% and the 10Yr Treasury bond rose well north of 4.0%. By the end of the week though, bond yields retreated a bit and finished the week slightly to modestly higher. The bond market is sharply re-pricing Fed short-term rate expectations as the CBOE FedWatch Tool shows a 79.3% probability of the short-term rate in July 2023 being 5.50% or 5.75%. One month ago, this probability stood at 29.4%. The current short-term rate is 4.75%. Capital markets are keenly tuned into any inflation-related data, and any content and readings or communications above or below expectations are going to sway the markets. This week the focus will be on Federal Reserve Chair Jerome Powell's testimony before Congress followed by the February monthly labor report on Friday. For Powell's testimony, investors will be looking for clues or hints on how the Fed is viewing inflation trends and its potential impact on the Fed's short-term rate policy stance. For the February jobs report, consensus is calling for job gains of 215,000, an unemployment rate of 3.4%, and annual average hourly wage growth of 4.8%. For the jobs report, the average hourly wages figure will be the most important as it will signal likely directional costs and is a figure closely watched by the Fed. The lower this reading, the better. Next week brings the February Consumer Price Inflation (CPI) report. Consensus calls for a m/m gain of +0.30% and a y/y gain of +5.9%.

Index Total Returns - March 3, 2023

	1-Wk	YTD	1-Yr
NASDAQ	2.61	11.87	-12.89
Russell 2000	2.05	9.70	-3.73
S&P 400	1.88	9.23	1.35
MSCI-Developed	1.81	6.77	0.99
S&P 500	1.96	5.69	-5.70
MSCI-Emerging	1.68	3.43	-13.27
Dow Jones	1.85	1.15	0.93
Barclay's U.S. Bond Index			
High Yield	0.78	2.79	-5.19
Municipal	-0.15	0.36	-5.13
Aggregate	0.12	0.28	-9.55
5-year Muni	-0.08	-0.04	-2.58
Int. Gov. Credit	0.01	-0.14	-6.28

FHFA Home Price Index



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	5.09	5.11	1.04
U.S. 2-Yr	4.86	4.78	1.54
U.S. 3-Yr	4.61	4.51	1.68
U.S. 5-Yr	4.27	4.20	1.74
U.S. 10-Yr	3.97	3.94	1.84
U.S. 30-Yr	3.89	3.93	2.23

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.35	3.32	1.71
U.S. AA	3.47	3.44	1.80
U.S. A	4.00	3.97	2.07
U.S. Baa	4.60	4.56	2.40
U.S. Municipal	3.65	3.62	1.90
Michigan	3.78	3.74	1.96

S&P 500 Sector Total Returns - March 3, 2023

Sector	1-Wk	YTD	1-Yr
Consumer Discretionary	1.67	13.19	-16.37
Info Tech	2.94	12.66	-7.64
Communication Services	3.28	11.98	-21.83
Materials	4.20	8.94	3.87
Financials	0.88	5.20	-3.20
Real Estate	1.62	4.90	-13.30
Industrials	3.34	5.55	4.88
Consumer Staples	-0.32	-2.69	-1.70
Energy	3.07	-0.46	24.82
Health Care	0.52	-4.93	-0.43
Utilities	-0.51	-6.01	-1.58

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	17.94	17.46	1.62
S&P 400 - Mid Cap	14.48	15.57	1.46
S&P 600 - Small Cap	14.09	16.35	1.42

Sources: FactSet, ISM, CBOE FedWatch