

## THINGS TO WATCH

–**BANK FAILURE HEARINGS:** On Tuesday, the U.S. Senate Banking Committee will hold the first of several hearings on the failures of Silicon Valley Bank and Signature Bank. The Committee, chaired by Ohio Democrat Sherrod Brown, will hear from FDIC Chair Martin Gruenberg, Federal Reserve Vice Chair of Supervision Michael Barr, and Treasury Department Under Secretary for Domestic Finance, Nellie Liang. Market participants will be attuned to any discussion on expansion of deposit insurance and increased regulation of regional banks.

–**THE FED'S PREFERRED INFLATION GAUGE:** U.S. personal consumption expenditure (PCE) price index data for February will be released Friday. The core reading, which excludes food and energy, is expected to have risen 0.4% last month and 4.7% from a year ago. The year-over-year reading is down from a 40-year high of 5.4% in February 2022 but remains well above the Fed's 2.0% target. Federal Reserve officials will likely be focused on so-called "super-core" inflation, described as core services excluding shelter.

–**JANUARY U.S. HOME PRICE TRENDS:** On Thursday, S&P CoreLogic Case/Shiller 20-City Home Price index data is expected to show home prices in the U.S. fell 0.5%, marking a sixth straight monthly decline. The index is projected to have increased 2.5% from a year ago, down sharply from an all-time high of 21.3% in the 12-month period ended April 2022. In December, San Francisco (-4.2%) and Seattle (-1.8%) saw the only annual declines across the gauge's 20 cities.

–**PAYCHEX (PAYX) AND CINTAS (CTAS):** We are in a relatively quiet period for corporate earnings, but two under-the-radar U.S. companies are scheduled to report results Wednesday for their quarters that ended in February. Quarterly results and management guidance from PAYX, a company focused on payroll processing and human resources services for small and medium-sized U.S. firms, should provide a read on recent labor market trends. The update from CTAS, a leading provider of corporate uniforms, cleaning services, and safety products to U.S. businesses should be useful for assessing economic momentum.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
Existing Home Sales (Millions Annualized)	4.58	4.12	▲
New Home Sales (Thousands Annualized)	640	582	▲
Durable Goods Orders (M/M)	-1.0%	-1.8%	▼
S&P Global U.S. Manufacturing PMI	49.3	46.2	▲
S&P Global U.S. Services PMI	53.8	44.7	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	32237.53	1.18%	-2.74%	-7.12%
NASDAQ	11823.96	1.66%	12.97%	-16.68%
S&P 500	3970.99	1.39%	3.42%	-12.15%
MSCI EAFE	2052.04	3.29%	5.56%	-5.11%
Bbg Barclays Aggregate US	2117.94	0.46%	3.38%	-4.15%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	4.61%	4.78%	0.47%
10-Year Treasury	3.37%	3.94%	2.37%

REPORTS DUE THIS WEEK	LATEST
S&P CoreLogic Case-Shiller U.S. HPI (Y/Y)	4.7%
Conf. Board Consumer Confidence	102.9
U. of Mich. Consumer Sentiment	63.4
Personal Income (M/M)	0.6%
Personal Spending (M/M)	1.8%
Core PCE Price Index (Y/Y)	4.7%

Price returns are as of 3/24/23. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

## NUMBERS OF THE WEEK

**\$5.132 trillion**

According to ICI data, total assets in U.S. money market funds as of the week ended March 22 after a whopping \$238 billion of inflows over the previous two weeks. Government money market funds, which primarily invest in U.S. Treasury bills, repurchase agreements, and U.S. agency debt, have reaped the lion's share of inflows in the wake of recent banking sector instability. Prime money market funds, which invest in higher risk assets like commercial paper, have seen modest outflows in recent weeks.

**372 million**

The number of barrels of oil currently held in the U.S. Strategic Petroleum Reserve (SPR) in hollowed-out salt caverns along the Gulf Coast, its lowest level since 1983. Over the course of 2021 and 2022, the Biden administration drew down the SPR by about 230 million barrels (or about 38%) in an effort to curtail sharply higher energy costs. Last week, U.S. Energy Secretary Jennifer Granholm told members of Congress it could take years for the U.S. to refill the SPR.

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