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JEMMA
FINANCIAL SERVICES

AN OPTIMISTIC START TO THE 2023 MARKET

Stocks had a positive start to 2023, proving their resilience despite facing a few economic headwinds. For the quarter, the S&P 500 Index, comprised of the largest U.S. companies, rose 7.5%, the Dow Jones Industrial Average slightly rose to 0.9%, while the technology-heavy NASDAQ soared 17.1%, its best quarter since the second quarter of 2020. Not surprisingly, the top-performing S&P 500 sectors were Information Technology and Communications Services, both rising over 20% in the quarter.

Bonds, as measured by the Bloomberg U.S. Aggregate Bond Index, also rose in the first quarter, gaining nearly 3%. The yield on the 10-year Treasury, which is often used as a proxy for mortgage rates, fell to 3.5% as of March 31, 2023. At the beginning of the year, the yield was 3.9%.

Although still elevated, inflation continues to slow, falling for the eighth straight month. The current inflation rate is 6% over the past year – down from the 6.4% increase in January. This rate is the smallest annual gain since the fall of 2021.[1]

Continuing in its efforts to tame inflation, the Federal Reserve raised its benchmark interest rate for the ninth time by 25 basis points at its March meeting. This brings the federal funds rate to a range of 4.75% to 5%.

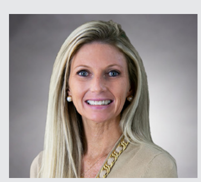
The Federal Reserve's decision to raise interest rates also affects mortgage rates. The 30-year fixed mortgage has been rising, from 4.7% one year ago to 6.6% at the end of March.[2] An interesting housing trend is emerging as well - the U.S. housing market is showing home prices falling in the west but rising in the east. For example, from January 2022 to January 2023, home prices rose around 10% in Miami and Orlando, respectively, but fell by more than 10% in San Jose and San Francisco.[3]

The recent banking turmoil resulting in the collapse of Silicon Valley Bank and Signature Bank created concern over the level of protection accountholders have on their deposits. This event reminded investors about the importance of FDIC insurance, which refunds depositors' money dollar for dollar, up to $250,000 if a bank fails, plus any interest earned up to the default date.

Although stocks were resilient in the first quarter, many investors remain concerned over ongoing inflation, the direction of interest rates and the possibility of a recession. During times like these, we remind investors to stay invested for the long term. Consider getting a head start on 2023 contributions for your Health Savings Account (HSA) and Individual Retirement Account (IRA). Now is a great time to take advantage of the higher contribution limits for 2023 so that you can get one step closer to reaching your financial goals.

At Jemma Financial, we believe that individuals of all financial means and circumstances should feel confident making informed and smart decisions. We will help you determine the best course of action when making your 2023 contributions so that you can get the most out of your hard-earned money.

I'm Katie Dudley and that's our March market update.



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1) U.S. Bureau of Labor Statistics, 2) Federal Reserve Bank of St. Louis, 3) Black Night, Inc