



CAPITAL  GROUP  
**THE WEEK AHEAD**

March 6th -10th, 2023

**Weekly insights from Strategic Partner Jeff Kilburg -**

**As earnings season wraps up, markets will be laser focused on Friday's February jobs report. Investors will also be hanging on every word from Capitol Hill when Fed Chairman Powell grabs the microphone to testify on the economy.**

Equities finally found a way to win last week after a tumultuous February. Many tailwinds were presented to investors in the form of: Chinese manufacturing rebounding, Atlanta Fed's Bostic's support for quarter-point rate (viewed as less hawkish), and an impressive technical bounce in the S&P 500 off its 200-day moving average. All three components assisted in snapping a three-week losing streak for equity markets. Stocks initially struggled as Treasury yields rose, but equities recovered quickly as yields came off their highs. The benchmark 10-year Treasury yield surged to a high of 4.09% before tucking back under to close at 3.96%. On the week, the Dow Jones Industrial Average moved higher by 1.75% to 33,390; the S&P 500 jumped 1.9% to 4045; and the Nasdaq Composite surged 2.58% to 11,689.

**Jobs Report:** The February employment report is the most important data point in the week ahead. January's 517k increase was likely an outlier. However, the labor market remains strong and arguably too strong for the Fed to have confidence that inflation will fall fast enough. Economists surveyed by Dow Jones expect 225k payrolls were added in February.

**Housing Cools:** After months of combating higher mortgage rates, home prices have finally fallen from year-ago levels. It could be a sign that inflation is abating as housing was a sector that realized sensational inflation post Covid. Housing prices skyrocketed amid the pandemic climbing more than 30% since 2020, exacerbating a decades-long upward trend.

**Fed Renovation:** The central bank is remodeling three adjacent office buildings overlooking the National Mall into a state-of-the-art campus. The price tag for the project has swelled to nearly \$2.5 billion, up from an estimate of \$1.9 billion in 2019..an increase of about 34%. Must be one heck of a mancave for Fed Chairman Powell.

## Calendar

### Monday

- 10:00 a.m. Factory orders

### Tuesday

- 10:00 a.m. Wholesale trade
- 10:00 a.m. Powell testimony before Senate Banking, Housing & Urban Affairs Committee
- 3:00 p.m. Consumer credit

### Wednesday

- 8:15 a.m. ADP employment
- 8:30 a.m. International trade
- 10:00 a.m. Powell testimony before House Financial Services Committee & JOLTS
- 2:00 p.m. Beige book

### Thursday

- 8:30 a.m. Initial claims
- 10:00 a.m. Fed Vice Chair for Supervision Michael Barr

### Friday

- 8:30 a.m. Employment report
- 2:00 p.m. Federal budget

A big week ahead for investors after a successful technical test for the bulls in the S&P 500 (200 day moving average at 3940 last week). I believe the jobs data (Friday) will set the tone and also serve as a guide for the Fed on how many more rate hikes they will implement. Earnings season wrapping up has positioned investors well, keep conviction during this volatility. Stay nimble.

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