WEST SHORE BANK

WEEKLY RECAP - May 8 , 2023

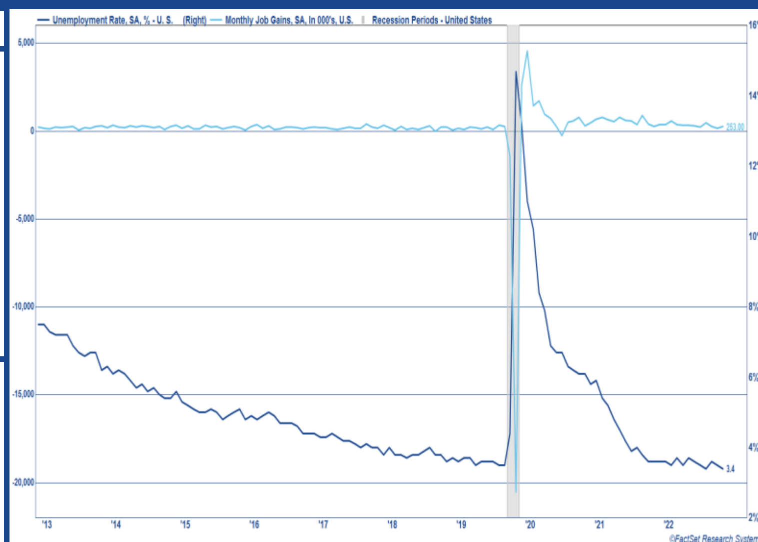
Economic & Market Commentary

Stocks and bonds finished mixed in choppy trading last week. The Federal Reserve dominated the week as they raised the Target rate another +0.25% to 5.25%. As usual, the focus was on the nuances of word, phrase, or sentence changes in their policy statement as well as from comments from Chair Powell's press conference. There is little doubt that the tone from the Fed moved decidedly more accommodative. The key takeaways are that the Fed is unsure if the banking turmoil will lead to much tighter credit conditions; indicated that the Target rate is close to being properly restrictive and will likely move into wait and see (pause) mode; that the direction of future rate decisions will be data dependent; and that getting inflation down to their 2% target goal is going to take longer than expected and it will not be a smooth process. Bottom line is the Fed is at or near the end of raising rates and any future actions will now be data dependent. If inflation moves lower over time and the economy continues to weaken, the Fed is done raising rates and will move into accommodative mode. If inflation stays persistently high and the economy doesn’t weaken considerably, additional rate hikes may be warranted. April's labor market report did not bode well for the rate cut/pause camp. The unemployment rate dipped to 3.4% (a 50-year low), job gains for the month came in higher than expected at +253,000 vs +178,000, and annual average hourly wage gains rose to 4.4% from 4.2% in March. The hotter than anticipated April labor numbers were tempered by downward revisions to job gains in March and February. March was revised down by -71,000 from +236,000 to +165,000 while February was changed by -78,000 from +326,000 to +248,000. The hourly wage component is closely watched by Fed as higher wages buoys consumer spending and is considered inflationary. This week April inflation will be released, and consensus calls for a monthly gain of +0.40% and twelve-month reading of 5.0%.

Index Total Returns - May 5, 2023

	1-Wk	YTD	1-Yr
NASDAQ	0.09	17.22	0.23
MSCI-Developed	0.16	11.70	10.66
S&P 500	-0.78	8.33	1.49
MSCI-Emerging	0.51	3.31	-4.50
Dow Jones	-1.23	2.25	4.26
S&P 400	-1.16	1.80	-0.42
Russell 2000	-0.49	0.40	-4.49
Barclay's U.S. Bond Index			
High Yield	-0.38	4.21	1.38
Aggregate	-0.05	3.53	0.23
Int. Gov. Credit	0.18	3.15	1.38
Municipal	0.35	2.90	3.78
5-year Muni	0.24	1.71	3.47

U.S. Labor Market



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.74	4.78	1.97
U.S. 2-Yr	3.91	4.06	2.72
U.S. 3-Yr	3.64	3.78	2.91
U.S. 5-Yr	3.41	3.54	3.02
U.S. 10-Yr	3.44	3.45	3.06
U.S. 30-Yr	3.76	3.67	3.16

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.02	3.06	3.01
U.S. AA	3.16	3.22	3.17
U.S. A	3.71	3.75	3.50
U.S. Baa	4.44	4.48	3.86
U.S. Municipal	3.34	3.39	3.28
Michigan	3.52	3.56	3.38

S&P 500 Sector Total Returns - May 5, 2023

Sector	1-Wk	YTD	1-Yr
Info Tech	0.62	23.13	8.59
Communication Services	-2.29	22.19	-3.49
Consumer Discretionary	-0.35	14.64	-6.84
Consumer Staples	-0.37	4.06	3.16
Materials	-1.10	3.00	-4.87
Real Estate	-0.76	2.19	-14.15
Industrials	-0.46	1.77	5.47
Health Care	0.09	-1.28	4.42
Utilities	0.10	-1.34	-0.60
Financials	-2.61	-5.10	-5.63
Energy	-5.81	-7.24	4.90

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	18.15	17.55	1.60
S&P 400 - Mid Cap	13.10	15.47	1.61
S&P 600 - Small Cap	12.89	16.11	1.78

Sources: FactSet, U.S. Dept. of Labor, Federal Reserve