Market Observations April 2023

It’s often hard to tell the difference between relevant market information and noise. That’s why every quarter our Market Observations newsletter lets you know what articles our advisors are using to form ideas and shape opinions. Take a look at what caught our eye this quarter!

Interest Rates

What rising interest rates mean for your fixed income portfolio

2022 saw the Federal Reserve raise interest rates at a pace not seen in decades. This rapid increase led to a painful year for both equity and bond investors, as the rise in rates contributed to a decline in equity valuations, while bond investors simultaneously saw losses as their fixed income holdings repriced to the new rate environment. The silver lining to the move in rates is long-term investors were able to reinvest in fixed instruments at the highest rates in the last 10 years. This commentary looks at what the move in rates means for bonds, where investors can look in the bond market, and at how bond investors can help protect themselves against interest rate risk

READ MORE

CNBC

Big changes in the S&P 500 highlight the power of index providers

Last month Standard and Poor's announced some of the biggest changes in years to the benchmark S&P 500 Index. For example, changing the category of Visa, Mastercard and PayPal to financial companies instead of technology companies makes for an interesting debate. However, with the rise of indexing and ETF investing, these changes can have deceptively large impacts on markets. Over time, changes to classification and to the sectors and companies included in an index can be substantial, and it is important for investors to be aware of not just what index they own or are benchmarked to, but also how that index may have evolved and changed over time.

READ MORE

Market Update

What happened to Silicon Valley Bank ?

One of the biggest market changing events of the first quarter was the failure of Silicon Valley Bank. Following a run on the bank by its depositors, regulators needed to step in and close the bank. The subsequent closing of Signature Bank a couple of days later led to widespread concerns about contagion risk and the health of the regional banking sector. While swift actions from the Federal Reserve, Treasury Department and FDIC have helped to quell these worries, this is still a story that is top of mind for many investors. This commentary, which Mesirow originally published last month following the bank failures, looks at what happened, what steps regulators took, and—most relevantly—some of investors’ best options for their cash and short-term liquidity balances.

READ MORE

Published April, 2023

Mesirow has no affiliation with any of the sources referenced in this article.

Mesirow does not provide legal or tax advice. Past performance is not indicative of future results. The views expressed above are as of the