



At Passage Wealth, it is important that you are well informed about what is happening in the markets. Here are a few of the key topics of conversation that deserve the most attention this month. If you have any questions or would like to continue the conversation, please reach out.

Consumers are the largest and most important part of the US economy, and their ability to drive it has been critical over the last year or so. Sentiment data has shown pessimistic views of the economy, but the tight jobs market has been a key point of the consumers' resilience in the face of continuously rising prices. While jobs have continually grown over the last two years, the pace of growth has been slowly cooling. In March, over a quarter million new jobs were added to the economy<sup>1</sup>, though job openings fell below 10 million for the first time in over a year and a half<sup>2</sup>. Despite the tight jobs market, consumers appear to be feeling the pinch of higher interest rates with retail sales falling 1.0% in March, the second decline in a row<sup>3</sup>.

Headline inflation cooled significantly in March, with the Consumer Price Index showing monthly price increases slowed to 0.1% from a 0.4% increase in February<sup>4</sup>. Falling energy and stable food prices helped, but core inflation, which excludes both food and energy, remains elevated, rising 0.4% in February and 5.6% over the last year<sup>5</sup>. While shelter price increases have slowed, it continues to be a sticky point for core inflation and was the largest contributor to core prices rising in March. Stubborn core inflation may keep the Federal Reserve in a fairly aggressive stance over the short term.

While the reverberations that the collapse of Silicon Valley Bank (SVB) had on equity markets may have largely subsided, the same can't be said for its impact on the market's expectations of what the Federal Reserve will do over the rest of the year. Post-SVB, the market has been expecting the Fed to begin cutting rates later this year with likely one more rate hike before then<sup>5</sup>.

The bottom line: Thankfully, the concerns of a widespread banking crisis that punctuated last month have effectively resided and the market has largely returned to the normal, if repetitive, focus on inflation, the Fed, and the strength, or lack thereof, of the overall economy. Jobs continue to grow, although at slower rates, and headline inflation is moving in the right direction. There are still inflationary concerns, particularly in housing prices, as well as risks if the consumer continues to slow down and the impact it would have on the overall economy. That said, total retail sales are still higher than that at any point last year. Economic data rarely paints a clear picture and markets may continue to feel reactive to major data releases on top of additional Fed comments over the next few months.

---

#### Sources:

1. Bureau of Labor Statistics, <https://www.bls.gov/news.release/empsit.nr0.htm>
2. Bureau of Labor Statistics, <https://www.bls.gov/news.release/jolts.nr0.htm>
3. Census Bureau, <https://www.census.gov/retail/sales.html>
4. Bureau of Labor Statistics, <https://www.bls.gov/news.release/cpi.nr0.htm>
5. CME FedWatch Tool on April 14, 2023

#### Disclosures

The material presented includes information and opinions provided by a party not related to Thrivent Advisor Network. It has been obtained from sources deemed reliable; but no independent verification has been made, nor is its accuracy or completeness guaranteed. The opinions expressed may not necessarily represent those of Thrivent Advisor Network or its affiliates. They are provided solely for information purposes and are not to be construed as solicitations or offers to buy or sell any products, securities, or services. They also do not include all fees or expenses that may be incurred by investing in specific products. Past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. You cannot invest directly in an index. The opinions expressed are subject to change as subsequent conditions vary. Thrivent Advisor Network and its affiliates accept no liability for loss or damage of any kind arising from the use of this information.

Investment advisory services offered through Thrivent Advisor Network, LLC., a registered investment adviser and a subsidiary of Thrivent. Clients will separately engage a broker-dealer or custodian to safeguard their investment advisory assets. Review the Thrivent Advisor Network ADV Disclosure Brochure and Wrap-Fee Program Brochure for a full description of services, fees, and expenses. Thrivent Advisor Network LLC advisors may also be registered representatives of a broker-dealer to offer securities products.

Advisory Persons of Thrivent provide advisory services under a “doing business as” name or may have their own legal business entities. However, advisory services are engaged exclusively through Thrivent Advisor Network, LLC, a registered investment adviser. Passage Wealth and Thrivent Advisor Network, LLC are not affiliated companies. Information in this message is for the intended recipient[s] only. Please visit our website [passage-wealth.com](http://passage-wealth.com) for important disclosures.

This communication may include forward looking statements. Specific forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and include, without limitation, words such as “may,” “will,” “expects,” “believes,” “anticipates,” “plans,” “estimates,” “projects,” “targets,” “forecasts,” “seeks,” “could” or the negative of such terms or other variations on such terms or comparable terminology. These statements are not guarantees of future performance and involve risks, uncertainties, assumptions and other factors that are difficult to predict and that could cause actual results to differ materially.

The two main risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments.

Index Benchmarks presented within this report may not reflect factors relevant for your portfolio or your unique risks, goals or investment objectives. Past performance of an index is not an indication or guarantee of future results. It is not possible to invest directly in an index.

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.