

# Monthly Market Summary

## Market Update and Economic Developments

- The S&P 500 Index eked out a 0.18% return in May, with its year-to-date return at -12.76% heading into the summer months. The last full week of May saw the S&P 500 Index snap a seven-week losing streak as large retailers posted strong earnings and hopes of a less hawkish Fed bolstered investor sentiment.
- The US housing market cooled off as the effects of the Federal Reserve’s rate hikes continue to increase the cost of borrowing. Mortgage rates hovered around 5.2% in May; this is a full 2 percentage points higher than where rates were at the end of 2021.
- The first quarter’s GDP number for the US was revised from initial estimates of -1.3% down to -1.5%. This made the first quarter of 2022 the worst quarter for economic growth since the second quarter of 2020 when the US entered a recession.
- The official CPI number for April showed a year-over-year increase of 8.3%, slightly down from the 8.5% March figure. The fight against inflation remains the Federal Reserve’s focus heading into June. In May, rising energy costs continued to be concerning for consumers. For the first time in history, all 50 states saw gas prices pass \$4 per gallon with many analysts predicting prices over \$5 per gallon by the end of the summer. Housing prices, generally a better indicator of long-term inflation, have fallen since the Fed’s May rate hike.



Benchmark Indexes: Large Cap = S&P 500; Mid Cap = Russell Mid Cap; Small Cap = Russell 2000; International Developed = MSCI EAFE; Emerging Markets = MSCI EM.



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## Fixed Income Market Update and Other Assets

- On May 4, the Federal Reserve announced the biggest rate hike since May of 2000. The Fed is expected to announce another rate hike of 0.50% at the June meeting as they continue to raise the cost of borrowing and trim their balance sheet to combat inflation. The current yield on the 10-year Treasury as of the end of May was 2.853%
- Core Fixed Income posted a positive return, up 0.64% in May after posting its 3<sup>rd</sup> worst rolling 2-year period ending March 31, 2022 – an average annual return of -1.8%.
- After negative returns in April, Midstream Energy posted a 6.36% return in May and continues to remain a strong asset class for 2022, up 29% year to date.

### FIXED INCOME AND OTHERS



Domestic Fixed Income - Barclays US Agg; Municipal Bonds - Barclays 4-6 Yr Muni; High Yield - Barclays US Corp. HY; Floating Rate Corporate Loans - S&P/LSTA Leveraged Loan Index; Commodities - Bloomberg Commodity; MLPs - Alerian Midstream Energy.



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