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# Highland ReCAP

*A Review of Capital Markets*

## June 2023

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### Summary

Global equity markets moved higher in June. Boosted by resilient consumer spending and technology sectors, U.S. stocks led the way, as equities continued to rebound from 2022's losses. Inflation cooled to 4% through May, its lowest level in over two years, prompting the Federal Reserve to pause in their tightening cycle, and ending a run of 10 consecutive rate hikes.

### Equities

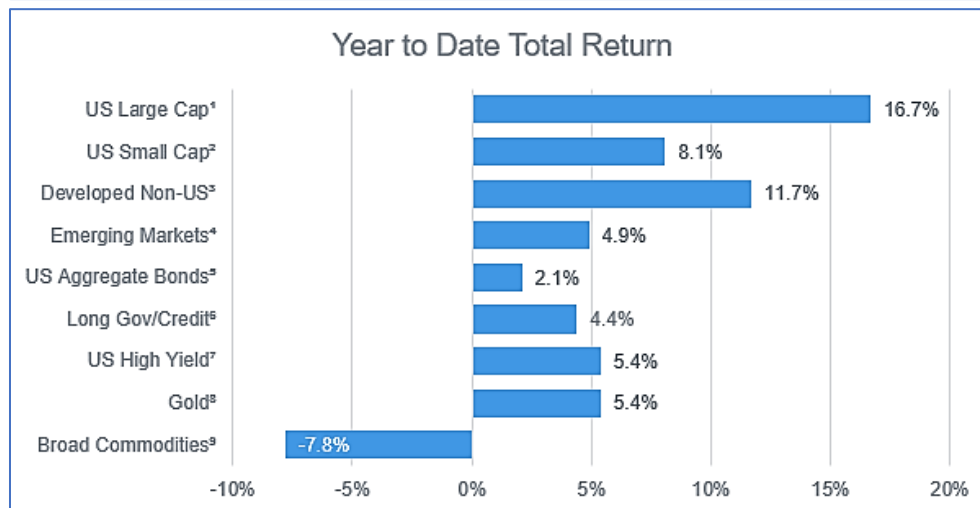
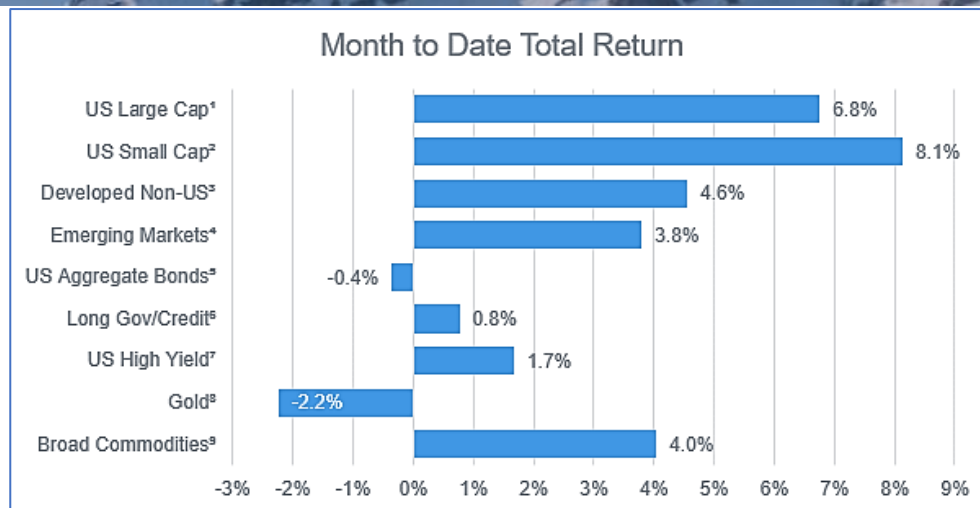
After a decline in May, U.S. equities snapped back. Small cap stocks returned more than 8% for the month, with their large cap counterparts close behind with a 6.8% gain. U.S. GDP for the first quarter was revised upward to 2%, renewing optimism that consumers can help the economy attain a soft landing. International equities lagged their U.S. contemporaries, but still posted solid months, with developed countries rising 4.6% and emerging markets up 3.8% in June.

### Fixed Income

The Federal Reserve elected to keep the Funds Rate unchanged at their June meeting, as CPI tumbled 0.9% to 4%, its lowest mark since April 2021. The Fed pause had limited impact on Treasury yields, however, as the 2-year and 10-year notes rose 47 and 18 basis points, respectively, in June. Credit outperformed, as spreads tightened and high yield corporates beat investment grade fixed income for the month by over 2%.

# Market Trends

As of June 30, 2023



	1M	3M	YTD	1Y	3Y	5Y	10Y
US Large Cap <sup>1</sup>	6.8%	8.6%	16.7%	19.4%	14.1%	11.9%	12.6%
US Small Cap <sup>2</sup>	8.1%	5.2%	8.1%	12.3%	10.8%	4.2%	8.3%
Developed Non-US <sup>3</sup>	4.6%	3.0%	11.7%	18.8%	8.9%	4.4%	5.4%
Emerging Markets <sup>4</sup>	3.8%	0.9%	4.9%	1.7%	2.3%	0.9%	3.0%
US Aggregate Bonds <sup>5</sup>	-0.4%	-0.8%	2.1%	-0.9%	-4.0%	0.8%	1.5%
Long Gov/Credit <sup>6</sup>	0.8%	-1.3%	4.4%	-2.6%	-8.6%	0.7%	2.9%
US High Yield <sup>7</sup>	1.7%	1.7%	5.4%	9.1%	3.1%	3.4%	4.4%
Gold <sup>8</sup>	-2.2%	-2.5%	5.4%	6.2%	1.1%	7.8%	3.8%
Broad Commodities <sup>9</sup>	4.0%	-2.6%	-7.8%	-9.6%	17.8%	4.7%	-1.0%

1 – Russell 1000, 2 – Russell 2000, 3 – MSCI EAFE, 4 – MSCI Emerging Markets, 5 – Bloomberg US Agg, 6 – Bloomberg US Long Gov/Credit  
7 – Bloomberg US Corporate High Yield, 8 – Bloomberg Gold Subindex, 9 – Bloomberg Commodity

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# Disclosure Statements

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