

**In focus**

10-year U.S. Treasury yields jumped 14 basis points on the week, finishing at 1.90%, the highest level since December 2019. However, rising interest rates aren't just a U.S. phenomenon. Since the start of 2022, yields on 10-year government bonds in Germany, Italy, and the United Kingdom have marched higher. Notably, German 10-year yields, which have spiked 41 basis points (0.41%) this year, are in positive territory for the first time since May 2019.

Similar to the U.S., higher rates, inflation, and central bank policy are a focus for investors in Europe. Christine Lagarde, President of the European Central Bank (ECB), had a more hawkish tone in her press conference on Thursday and stated that inflation is a unanimous concern for the members of the ECB's Governing Council. Additionally, the Bank of England raised its benchmark rate 25 basis points (0.25%) to 0.50%, its first back-to-back increase since 2004. This comes amid higher inflation in the Eurozone, with inflation readings running at 5.1% on a year-over-year basis in January.

As investors expect central banks to become less accommodative in the face of higher inflation, global interest rates have risen. This has drastically reduced the amount of global debt carrying a negative yield to the lowest totals in six years. As a result, the yield advantage of U.S. debt relative to some of our developed peers has diminished, which likely contributed to the upward momentum in U.S. Treasury yields last week. Ultimately, we expect the threat of inflation to remain at the forefront for investors as they weigh its potential impact upon monetary policy, interest rates, and the economic recovery.

**Investment and insurance products – Are not FDIC or any other government agency insured | are not bank guaranteed | may lose value**

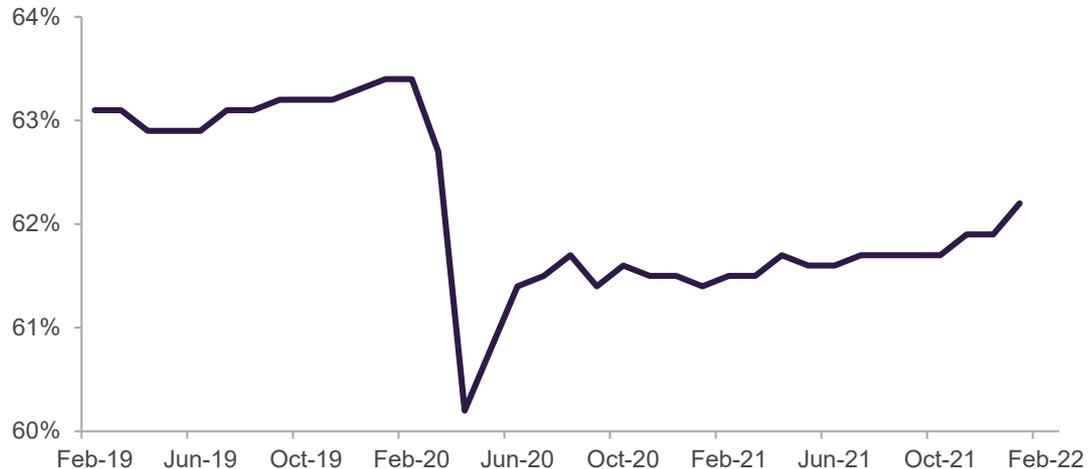


A look back	A look ahead
<ul style="list-style-type: none"> <li>• Global equities rallied almost 2% on the week with broad-based strength across U.S., international developed, and emerging markets. The S&amp;P 500 posted its best week of the year with a 1.6% return.</li> <li>• The yield on the 10-year U.S. Treasury bond rose 14 basis points (0.14%) on the week as the market continues to price in a faster pace of rate hikes from the Federal Reserve (Fed).</li> <li>• January U.S. payrolls seemingly shrugged off the omicron variant by adding 467,000 jobs vs. 125,000 expected, far exceeding consensus estimates.</li> </ul>	<ul style="list-style-type: none"> <li>• Rate hikes by the Fed continue to be top of mind for investors. Economic data, especially this week's inflation readings, will be parsed for any implications for the pace or number of rate hikes.</li> <li>• Investors will continue to keep one eye on the situation between Russia and Ukraine as any incursion could have large ramifications for Europe.</li> <li>• Economic releases: NFIB Small Business Optimism, MBA Mortgage Applications, Wholesale Inventories, Consumer Price Index, and University of Michigan Sentiment.</li> </ul>

**Chart of the week – Labor force participation continues to increase**

The labor force participation rate reached 62.2% in January, the first reading above 62% since the pandemic started and two percentage points higher than the April 2020 low of 60.2%. However, labor force participation is still below the 2009-2019 average of 63.5%, indicating that there is still room for improvement.

**Labor force participation rate**



Data Source: Truist IAG, Bloomberg

# Market Pulse

As of February 04, 2022

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	1.95	0.20	-4.72	-4.72	9.36
S&P 500	1.57	-0.31	-5.47	-5.47	17.82
MSCI EAFE (net)	2.10	1.14	-3.75	-3.75	6.12
MSCI Emerging Markets (net)	2.53	1.08	-0.84	-0.84	-10.13
Dow Jones Industrials	1.06	-0.11	-3.35	-3.35	15.03
NASDAQ Composite	2.38	-1.00	-9.89	-9.89	2.32
S&P U.S. REIT	-0.26	-1.42	-8.27	-8.27	26.12
Bloomberg Commodity Index	2.27	1.59	10.51	10.51	33.58
Bloomberg Aggregate	-0.95	-0.92	-3.05	-3.05	-3.59
ICE BofA US High Yield	-0.26	-0.37	-3.11	-3.11	1.13
Bloomberg Municipal Bond Blend 1-15 Year	0.31	0.35	-2.11	-2.11	-1.79
ICE BofA Global Government xUS (USD Unhedged)	-0.15	-0.04	-2.27	-2.27	-9.20
ICE BofA Global Government xUS (USD Hedged)	-1.29	-1.00	-2.30	-2.30	-3.24
JP Morgan EMBI Global Diversified	-0.23	-0.30	-3.14	-3.14	-4.07

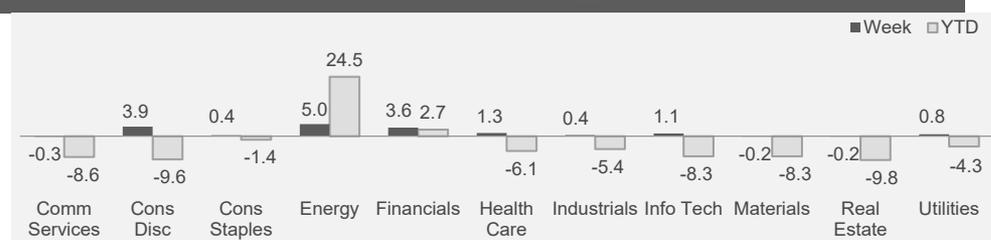
Rates (%)	2/04/22	12/31/21	9/30/21	6/30/21	3/31/21
Fed Funds Target	0.25	0.25	0.25	0.25	0.25
Libor, 3-Month	0.33	0.20	0.13	0.14	0.19
T-Bill, 3-Month	0.23	0.05	0.03	0.05	0.02
2-Year Treasury	1.31	0.72	0.28	0.25	0.16
5-Year Treasury	1.78	1.26	0.99	0.87	0.93
10-Year Treasury	1.90	1.51	1.52	1.44	1.73
30-Year Treasury	2.22	1.90	2.09	2.06	2.42
Bloomberg Aggregate (YTW)	2.26	1.75	1.56	1.50	1.61
Bloomberg Municipal Bond Blend 1-15 Year	1.45	0.87	0.84	0.76	0.87
ICE BofA US High Yield	5.40	4.31	4.08	3.85	4.27
Currencies	2/04/22	12/31/21	9/30/21	6/30/21	3/31/21
Euro (\$/€)	1.14	1.14	1.16	1.19	1.18
Yen (¥/\$)	115.26	115.16	111.57	110.99	110.50
Pound (\$/£)	1.35	1.35	1.35	1.38	1.38
Commodities	2/04/22	12/31/21	9/30/21	6/30/21	3/31/21
Crude Oil (WTI)	92.31	75.21	75.03	73.47	59.16
Gold	1,808	1,829	1,757	1,772	1,716
Volatility	2/04/22	12/31/21	9/30/21	6/30/21	3/31/21
CBOE VIX	23.22	17.22	23.14	15.83	19.40

## U.S. style % total returns (S&P indexes)

Week				YTD		
Value	Core	Growth		Value	Core	Growth
1.13	1.57	2.01	Large	-1.52	-5.47	-9.02
0.90	1.77	2.69	Mid	-4.63	-7.61	-10.53
0.53	0.95	1.38	Small	-5.43	-8.36	-11.20

Data Source: Truist, FactSet

## S&P 500 sector % total returns



**Important Disclosures**— All information is as of title date unless otherwise noted. This document was prepared for clients of Truist Bank for informational purposes only. This material may not be suitable for all investors and may not be redistributed in whole or part. Neither Truist Bank, nor any affiliates make any representation or warranties as to the accuracy or merit of this analysis for individual use. Information contained herein has been obtained from sources believed to be reliable, but are not guaranteed. Comments and general market related projections are based on information available at the time of writing and believed to be accurate— are for informational purposes only, are not intended as individual or specific advice, may not represent the opinions of the entire firm and may not be relied upon for future investing. The views expressed may change at any time. The information provided in this report should not be considered a recommendation to purchase or sell any financial instrument, product or service sponsored or provided by Truist Bank or its affiliates or agents. Investors are advised to consult with their investment professional about their specific financial needs and goals before making any investment decisions. Past returns are not indicative of future results. An investment cannot be made into an index.

# Disclosures

All information is as of title date unless otherwise noted. This document was prepared for clients of SunTrust Bank, now Truist Bank for informational purposes only. This material may not be suitable for all investors and may not be redistributed in whole or part. Neither SunTrust Bank, now Truist Bank, nor any affiliates make any representation or warranties as to the accuracy or merit of this analysis for individual use. Information contained herein has been obtained from sources believed to be reliable, but are not guaranteed. Comments and general market related projections are based on information available at the time of writing and believed to be accurate— are for informational purposes only, are not intended as individual or specific advice, may not represent the opinions of the entire firm and may not be relied upon for future investing. The views expressed may change at any time. The information provided in this report should not be considered a recommendation to purchase or sell any financial instrument, product or service sponsored or provided by SunTrust Bank, now Truist Bank or its affiliates or agents. Investors are advised to consult with their investment professional about their specific financial needs and goals before making any investment decisions. Past returns are not indicative of future results. An investment cannot be made into an index.

Commonly used acronyms— SAAR = seasonally adjusted annual rate— MoM = month-over-month change— QoQ = quarter-over-quarter change— YoY = Year-over-year change— K = thousands— M = millions. Investing in the bond market is subject to certain risks, including market, interest rate, issuer and inflation risk— investments may be worth more or less than the original cost when redeemed. The value of most bond strategies and fixed income securities are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and more volatile than securities with shorter durations— bond prices generally fall as interest rates rise, and values rise when interest rates decline.

S&P 500 Index is comprised of 500 widely-held securities considered to be representative of the stock market in general.

S&P 500 Information Technology Index —a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the information technology sector based on GICS® classification.

The CBOE Volatility Index® (VIX®) is a measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

MSCI ACWI Index (MSCI All Country World) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices.

MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.

MSCI EM Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Bloomberg Global Aggregate Index is an index of investment grade debt including treasury, government-related, corporate and securitized debt, from 24 local currency benchmarks.

Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

The ICE BofAML U.S. High Yield Index tracks the performance of below investment grade, but not in default, U.S. dollar denominated corporate bonds publicly issued in the U.S. domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P.

The Bloomberg Municipal Bond Blend 1-15 Year (1-17 Yr) is an index of municipal bonds with a minimum credit rating of at least Baa, issued as part of a deal of at least \$50 million, that have a maturity value of at least \$5 million and a maturity range of 12 to 17 years.

The Bloomberg U.S. Corporate High Yield measures the USD-denominated high yield fixed-rate corporate bond market. Bonds are classified as high yield if they are rated below BBB by Moody's and S&P.

The Bloomberg Dollar Spot Index tracks a basket of 10 leading global currencies versus the U.S. dollar.

The ICE BofAML Global Government ex U.S. Index tracks the performance of publicly issued investment grade sovereign debt denominated in the issuer's own domestic currency excluding all securities denominated in U.S. dollars.

JP Morgan EMBI Global Diversified index includes only USD-denominated emerging markets sovereign bonds and the traditional, market capitalization weighted method for country allocation is modified to limit the weights of index countries with larger debt loads by only including a specified portion of the eligible fact amounts of the debt outstanding.

The Bloomberg Commodity Index is a composition of futures contracts on physical commodities in five sectors including energy, agriculture, industrial metals, precious metals and livestock.

The S&P U.S. REIT index measures the investable universe of publicly traded real estate investment trusts domiciled in the United States.

IA SBBBI U.S. Large Stock Index measures the total return of U.S. large cap stocks on a monthly basis.

IA SBBBI Intermediate-Term Government Bond Index measures the total return of U.S. intermediate-term government bonds on a monthly basis.

IA SBBBI U.S. 30-day T-Bill index measures the total return of T-Bills with a maturity of one month on a monthly basis.

The S&P 500 High Beta index measures the performance of 100 constituents in the S&P 500 that are the most sensitive to changes in market returns.

MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. It is not possible to invest directly in an index.

Truist Wealth is a marketing name used by Truist Financial Corporation. Services offered by the following affiliates of Truist Financial Corporation: Banking products and services, including loans and deposit accounts, are provided by SunTrust Bank and Branch Banking and Trust Company, both now Truist Bank, Member FDIC. Trust and investment management services are provided by SunTrust Bank and Branch Banking and Trust Company, both now Truist Bank, and Truist Delaware Trust Company. Securities, brokerage accounts and /or insurance (including annuities) are offered by Truist Investment Services, Inc., and P.J. Robb Variable Corp., which are each SEC registered broker-dealers, members FINRA, SIPC, and a licensed insurance agency where applicable. Life insurance products are offered through Truist Life Insurance Services, a division of Crump Life Insurance Services, Inc., AR license #100103477, a wholly owned subsidiary of Truist Insurance Holdings, Inc. Investment advisory services are offered by Truist Advisory Services, Inc., GFO Advisory Services, LLC, Sterling Capital Management, LLC, and Precept Advisory Group, LLC, each SEC registered investment advisers. Sterling Capital Funds are advised by Sterling Capital Management, LLC.

All information is as of title date unless otherwise noted. This document was prepared for clients of Truist Bank for informational purposes only. This material may not be suitable for all investors and may not be redistributed in whole or part. Neither Truist Bank, nor any affiliates make any representation or warranties as to the accuracy or merit of this analysis for individual use. Information contained herein has been obtained from sources believed to be reliable, but are not guaranteed. Comments and general market related projections are based on information available at the time of writing and believed to be accurate— are for informational purposes only, are not intended as individual or specific advice, may not represent the opinions of the entire firm and may not be relied upon for future investing. The views expressed may change at any time. The information provided in this report should not be considered a recommendation to purchase or sell any financial instrument, product or service sponsored or provided by Truist Bank or its affiliates or agents. Investors are advised to consult with their investment professional about their specific financial needs and goals before making any investment decisions. Past returns are not indicative of future results. An investment cannot be made into an index.