

In focus

Markets closed out another negative week with global stocks and U.S. bonds declining. The S&P 500 has been down nine of the last ten weeks and saw its second worst weekly performance year to date. Treasury yields moved higher across the yield curve last week, pushing bond prices lower, with rates surpassing 3% for 2-year yields and beyond, and the yield curve inverting between 3- and 10-year maturities. In this challenging investment environment, here are some topics to consider:

- Last week's Consumer Price Index (CPI) report showed 1.0% month over month growth in May which exceeded estimates and will draw attention at this week's Federal Open Market Committee (FOMC) meeting. While CPI is used as a measure of inflation, Core Personal Consumption Expenditures (PCE) is the Federal Reserve's (Fed) preferred inflation gauge. The May PCE print of 4.9% is also well above the Fed's 2% target and will be considered as an important data point.
- The European Central Bank (ECB) signaled that it intends to raise interest rates by 25 basis points (0.25%) in July, the first time since 2011 that the ECB has raised rates. This underscores that tightening monetary policy is a global story, not just a U.S. story.

Fed policy uncertainty often infuses additional stress into markets. This week's FOMC meeting may provide greater clarity on the Fed's economic outlook and set the tone for upcoming meetings. We expect investors will pay very close attention to Fed Chair Powell's post-meeting press conference.

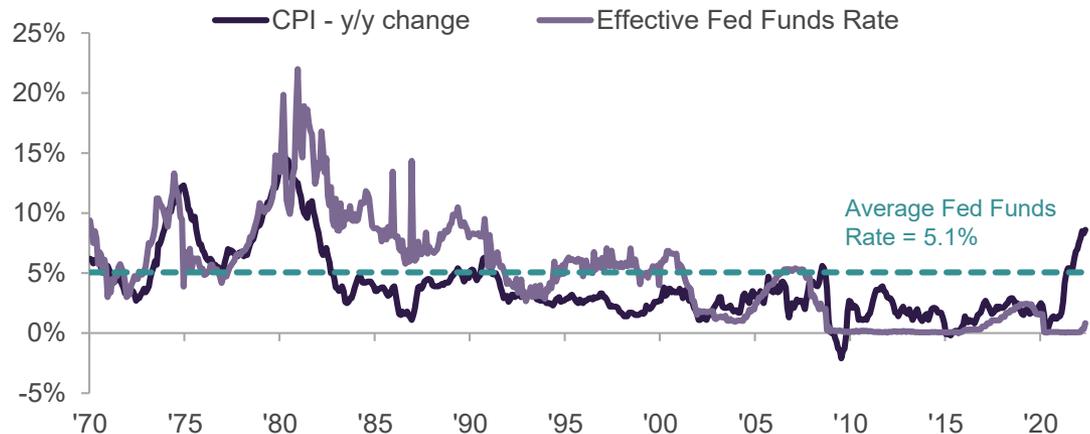
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A look back	A look ahead
<ul style="list-style-type: none"> • Global equities were down for the week with the MSCI ACWI losing -4.4%. Emerging markets led the group at -0.5%, while U.S. and international developed stocks both finished the week down close to -5%. • Yields rose across the curve in anticipation of a potentially more hawkish rate policy. The 10-year U.S. Treasury yield finished the week at 3.15%. • May CPI came in higher than estimates, accelerating to a 1.0% increase month over month. While May PCE showed signs of cooling, the higher-than-expected CPI print runs counter to the peak inflation narrative. 	<ul style="list-style-type: none"> • Consumer resilience has been at the forefront of economic debate; however, after a record low consumer sentiment print last Friday investors will stay alert for signs of deteriorating consumer trends. • The Federal Open Market Committee (FOMC) will convene this week. Investors will be focused on Wednesday's post-meeting press conference. • Economic releases: NFIB Small Business Optimism, Producer Price Index, Retail Sales, Import & Export Prices, Housing Starts, Industrial Production, and the Leading Index.

Chart of the week – Spread between CPI & Fed Funds Rate is widest since 1974

During periods when CPI exceeded the Fed Funds Rate, only once since 1970, in December 1974, was the spread between the two measures greater than it has been over the last 12 months.

CPI and the Fed Funds Rate



Data Source: Truist IAG, FactSet, U.S. Bureau of Labor Statistics.

Market Pulse

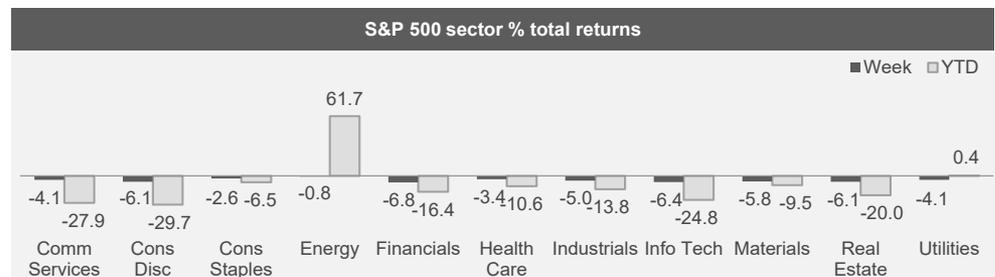
As of June 10, 2022

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-4.42	-4.93	-12.44	-17.13	-12.21
S&P 500	-5.04	-5.55	-13.62	-17.60	-6.62
MSCI EAFE (net)	-4.65	-5.03	-10.51	-15.80	-15.98
MSCI Emerging Markets (net)	-0.53	-2.06	-7.10	-13.58	-21.62
Dow Jones Industrials	-4.56	-4.76	-9.05	-12.78	-7.13
NASDAQ Composite	-5.60	-6.14	-20.26	-27.52	-19.05
S&P U.S. REIT	-5.62	-6.46	-16.17	-19.69	-9.34
Bloomberg Commodity Index	1.23	3.15	9.06	36.92	42.73
Bloomberg Aggregate	-1.52	-1.90	-5.02	-10.65	-10.52
ICE BofA US High Yield	-2.35	-2.74	-6.05	-10.29	-8.24
Bloomberg Municipal Bond Blend 1-15 Year	-0.42	-0.19	-0.91	-6.19	-6.22
ICE BofA Global Government xUS (USD Unhedged)	-3.32	-4.55	-11.96	-18.31	-22.86
ICE BofA Global Government xUS (USD Hedged)	-1.17	-1.77	-4.87	-8.66	-8.50
JP Morgan EMBI Global Diversified	-2.38	-2.70	-8.12	-17.33	-18.44

Rates (%)	6/10/22	3/31/22	12/31/21	9/30/21	6/30/21
Fed Funds Target	1.00	0.50	0.25	0.25	0.25
Libor, 3-Month	1.74	0.96	0.20	0.13	0.14
T-Bill, 3-Month	1.31	0.51	0.05	0.03	0.05
2-Year Treasury	3.04	2.28	0.72	0.28	0.25
5-Year Treasury	3.25	2.42	1.26	0.99	0.87
10-Year Treasury	3.15	2.32	1.51	1.52	1.44
30-Year Treasury	3.19	2.45	1.90	2.09	2.06
Bloomberg Aggregate (YTW)	3.77	2.92	1.75	1.56	1.50
Bloomberg Municipal Bond Blend 1-15 Year	2.62	2.36	0.87	0.84	0.76
ICE BofA US High Yield	7.81	6.02	4.31	4.08	3.85
Currencies	6/10/22	3/31/22	12/31/21	9/30/21	6/30/21
Euro (\$/€)	1.05	1.11	1.14	1.16	1.19
Yen (¥/\$)	134.24	121.37	115.16	111.57	110.99
Pound (\$/£)	1.23	1.32	1.35	1.35	1.38
Commodities	6/10/22	3/31/22	12/31/21	9/30/21	6/30/21
Crude Oil (WTI)	120.67	100.28	75.21	75.03	73.47
Gold	1,876	1,954	1,829	1,757	1,772
Volatility	6/10/22	3/31/22	12/31/21	9/30/21	6/30/21
CBOE VIX	27.75	20.56	17.22	23.14	15.83

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
-4.34	-5.04	-5.79	-8.12	-17.60	-26.08	Large
-4.03	-4.65	-5.32	-9.19	-14.89	-20.44	Mid
-4.10	-4.31	-4.55	-9.07	-14.64	-20.13	Small

Data Source: Truist, FactSet



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

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

IA SBBB 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.

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