

Market Pulse *from the Investment Advisory Group*

August 29, 2022

In focus

Last week policy experts, academics, and economists converged upon the Jackson Hole Economic Policy Symposium for three days of discussion about the state of the economy and potential policy options. The event concluded with a historically short and direct speech from Federal Reserve (Fed) Chair Jerome Powell, who unambiguously stated that the Fed would stay the course with its hawkish stance. He reiterated the importance of price stability to a flourishing economy and explained that the path to re-establishing stability will cause some pain to both households and businesses.

Fed Chair Powell's speech sent U.S. equities markedly lower, closing out the worst week for the S&P 500 in over two months. The sudden drop lends support to one common narrative that a key factor behind the recent rally was based on the expectations for a dovish pivot by the Fed, which clearly did not occur on Friday.

Global markets had other news to digest as Russia's invasion of Ukraine surpassed its six-month mark. Energy prices in Europe have continued upward since the invasion began on February 24th, last week causing the United Kingdom's Office of Gas and Electricity to increase the household price cap by 80%. The move highlights cost of living challenges effecting households globally.

Markets will likely stay choppy as the global and domestic environments remain challenging due to elevated geopolitical risks and synchronized tightening of monetary policy. All eyes will now turn later this week to Friday's employment report considering the blockbuster job gains seen last month and in light of Fed Chair Powell's speech.

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A look back

- After a mixed week, global stocks ended down, led by U.S. equities which declined by 4.0%. International developed markets were down 1.9%, while emerging markets remained positive at +0.5%.
- The 2-year U.S. Treasury yield increased 0.16% while the 10-year moved higher by only 0.06%, further inverting the 2/10-year U.S. Treasury yield curve.
- In line with the previously reported July existing home sales and housing starts, fresh data for both new and pending home sales provided further evidence of a slowdown in the U.S. housing market.

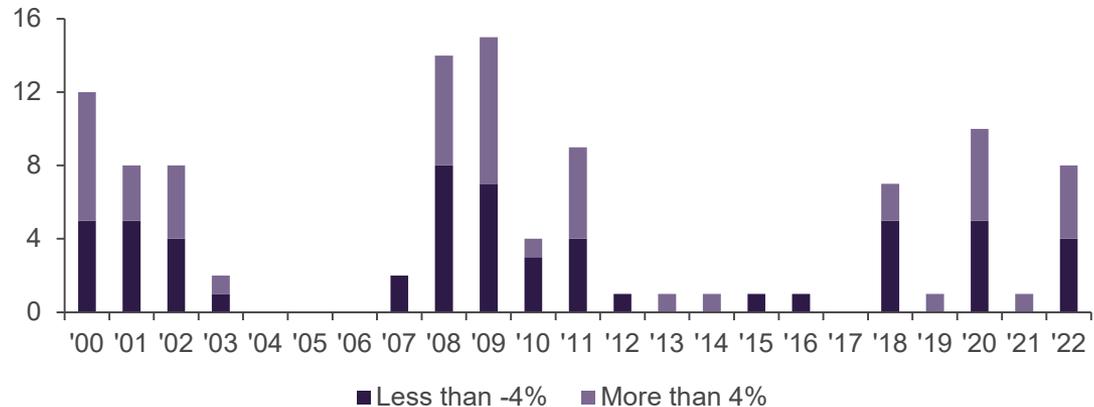
A look ahead

- Nord Stream 1 pipeline, which transports Russian gas into Europe, will be closed this week for three days of maintenance, raising concerns of further supply issues which could push prices higher.
- Investors will be looking ahead to Friday's release of both Nonfarm Payrolls and the Unemployment Rate to see how the jobs market held up in August.
- Economic releases: Dallas Fed Manufacturing, Consumer Confidence, Initial Claims, ISM & Markit Manufacturing & Services, Durable Goods Orders, Nonfarm Payrolls, and the Unemployment Rate.

Chart of the week – Weekly moves of at least 4% in the S&P 500

Since 2000, the S&P 500 has averaged just over two weeks a year with returns above 4% and returns below -4%. So far 2022 has been turbulent, already posting four weeks that have exceeded 4% and another four weeks falling below the -4% mark.

S&P 500 - Weeks up and down by more than 4%



Data Source: Truist IAG, FactSet.

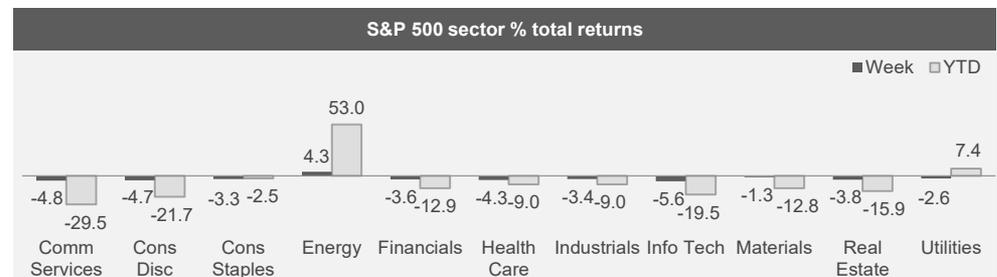
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As of August 26, 2022

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-2.90	-1.38	5.51	-15.79	-12.72
S&P 500	-4.02	-1.62	7.45	-14.00	-7.83
MSCI EAFE (net)	-1.91	-2.61	2.24	-17.77	-17.33
MSCI Emerging Markets (net)	0.54	1.66	1.41	-16.46	-18.10
Dow Jones Industrials	-4.20	-1.49	5.22	-9.97	-6.47
NASDAQ Composite	-4.44	-2.01	10.09	-22.39	-18.70
Bloomberg Aggregate	-0.36	-2.03	0.36	-10.02	-10.55
ICE BofA US High Yield	-0.99	-0.76	5.22	-9.55	-8.47
Bloomberg Municipal Bond Blend 1-15 Year	-0.33	-1.49	0.71	-6.14	-6.30
ICE BofA Global Government xUS (USD Unhedged)	-1.10	-4.81	-2.68	-21.03	-24.57
ICE BofA Global Government xUS (USD Hedged)	-0.90	-2.43	0.20	-8.05	-9.06
JP Morgan EMBI Global Diversified	-0.12	0.57	3.48	-17.53	-19.08

Rates (%)	8/26/22	6/30/22	3/31/22	12/31/21	9/30/21
Fed Funds Target	2.50	1.75	0.50	0.25	0.25
Libor, 3-Month	3.06	2.28	0.96	0.20	0.13
T-Bill, 3-Month	2.77	1.64	0.51	0.05	0.03
2-Year Treasury	3.40	2.93	2.28	0.72	0.28
5-Year Treasury	3.19	3.00	2.42	1.26	0.99
10-Year Treasury	3.03	2.97	2.32	1.51	1.52
30-Year Treasury	3.20	3.12	2.45	1.90	2.09
Bloomberg Aggregate (YTW)	3.83	3.72	2.92	1.75	1.56
Bloomberg Municipal Bond Blend 1-15 Year	2.87	2.82	2.36	0.87	0.84
ICE BofA US High Yield	8.00	8.93	6.02	4.31	4.08
Currencies	8/26/22	6/30/22	3/31/22	12/31/21	9/30/21
Euro (\$/€)	1.00	1.05	1.11	1.14	1.16
Yen (¥/\$)	137.27	135.86	121.37	115.16	111.57
Pound (\$/£)	1.18	1.21	1.32	1.35	1.35
Commodities	8/26/22	6/30/22	3/31/22	12/31/21	9/30/21
Crude Oil (WTI)	93.06	105.76	100.28	75.21	75.03
Gold	1,750	1,807	1,954	1,829	1,757
Volatility	8/26/22	6/30/22	3/31/22	12/31/21	9/30/21
CBOE VIX	25.56	28.71	20.56	17.22	23.14

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
-3.19	-4.02	-4.87	-6.82	-14.00	-20.44	Large
-2.94	-3.01	-3.08	-6.42	-11.16	-15.78	Mid
-3.11	-3.35	-3.63	-7.44	-11.77	-15.99	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 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.

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