

**In focus**

Higher interest rates are back after the 10-year Treasury yield crossed above 3.3% last week as it closes in on the mid-June high of 3.5%. The impact has been felt particularly in the stock market as valuations have been dinged and bonds continue to accrue losses. The Bloomberg U.S. Aggregate Bond Index is now down roughly 11.5% year to date. This has been a pain point for investors utilizing bonds for their defensive characteristics. That said, yields are more productive at these levels.

Longer-term Treasury yields have traded closely in line with the inflation and rate hike narratives in 2022. Just when investors thought they might find relief in some encouraging signs on the monetary policy front, the Jackson Hole speeches by Federal Reserve (Fed) officials crushed those hopes for a dovish policy pivot. Fed officials are using the high inflation era of the 1970s and early 1980s as a cautionary tale for what happens when they take their foot off the gas of the inflation battle too early.

What we saw during that time period were dovish pivots in reaction to economic growth concerns and optimism regarding inflation only to see inflation rage higher and the Fed reignite overly restrictive policy measures, ultimately leading to reoccurring recessions over that time period. Today's Fed officials are determined not to fall into this cycle and this time have history as a teacher.

This week will give officials another crucial data point as the August Consumer Price Index (CPI) report will show what happened to prices after a leveling off in July. U.S. stock markets already began their rally last week in anticipation of a favorable reading.

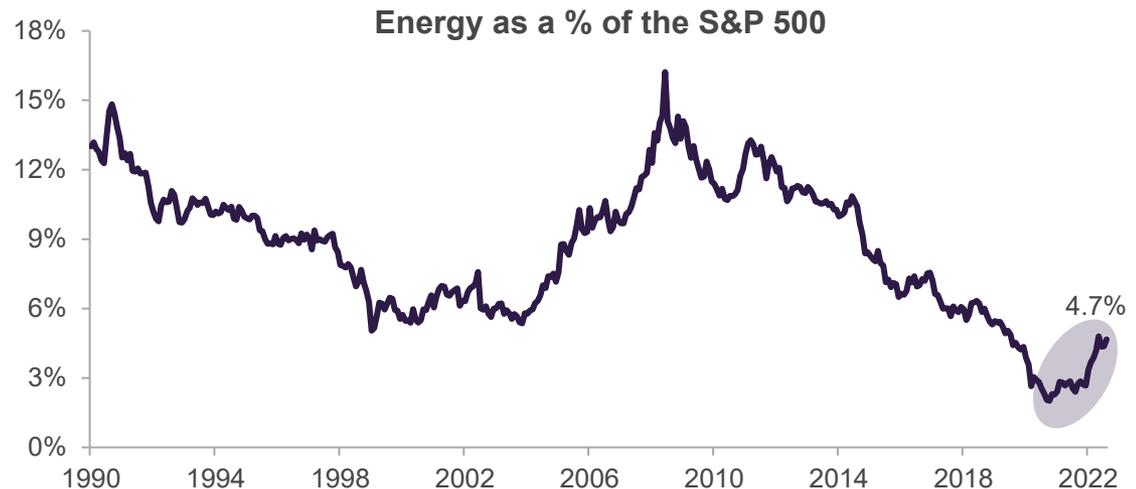
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A look back	A look ahead
<ul style="list-style-type: none"> <li>• U.S. stocks reversed a three-week losing streak as they increased nearly 3.7% last week. International developed (+0.9%) and emerging market stocks (-0.1%) continue to lag this year.</li> <li>• The 10-year U.S. Treasury yield moved up 0.11%, marking the sixth-straight weekly increase. The 2-year yield was up 0.15% further inverting the 2/10-year yield curve.</li> <li>• The European Central Bank took a page out of the Fed playbook as they raised their benchmark lending rate by 0.75%.</li> </ul>	<ul style="list-style-type: none"> <li>• The August Consumer Price Index (CPI) report will be released this week. Consensus estimates are calling for 0.1% decline in prices month over month, improving on July's flat reading.</li> <li>• Retail sales will be reported this week helping investors keep an eye on the strength of the U.S. consumer. Tight labor markets continue to support the consumer.</li> <li>• Economic releases: Consumer &amp; Producer Price Indices, Retail Sales, Univ. of Michigan Sentiment, Philadelphia Fed Business Outlook.</li> </ul>

**Chart of the week – Energy’s S&P 500 weight increasing after strong performance**

The energy sector has led by a wide margin this year, gaining 48% this year through the end of August. While the S&P 500 has come to be dominated by technology and growth sectors, decreasing energy's importance in the index, energy's strong outperformance this year has boosted its weighting in the S&P 500.



Data Source: Truist IAG, FactSet. Monthly data as of 8/31/22.

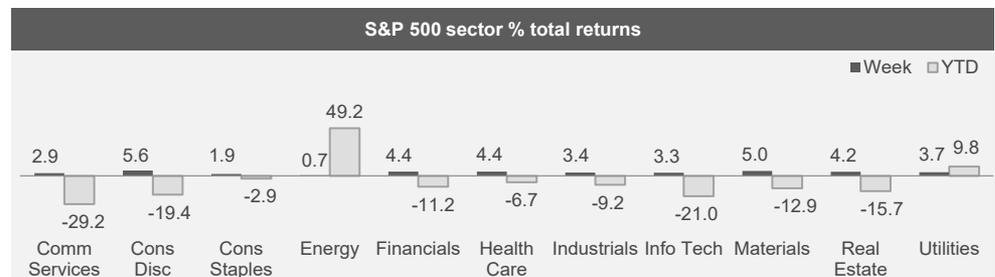
# Market Pulse

As of September 09, 2022

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	2.66	1.67	4.76	-16.38	-14.28
S&P 500	3.68	2.90	7.80	-13.72	-8.07
MSCI EAFE (net)	0.89	0.06	0.05	-19.52	-20.39
MSCI Emerging Markets (net)	-0.13	-2.34	-2.18	-19.42	-23.10
Dow Jones Industrials	2.72	2.10	5.00	-10.16	-5.90
Bloomberg Aggregate	-0.70	-0.91	-1.35	-11.56	-12.39
ICE BofA US High Yield	1.38	1.20	4.72	-9.98	-9.55
Bloomberg Municipal Bond Blend 1-15 Year	-0.22	-0.54	-0.07	-6.87	-7.03
ICE BofA Global Government xUS (USD Unhedged)	-1.45	-2.27	-5.99	-23.72	-27.31
ICE BofA Global Government xUS (USD Hedged)	-0.78	-1.02	-1.48	-9.59	-10.40
JP Morgan EMBI Global Diversified	0.67	0.13	2.05	-18.67	-20.74

Rates (%)	9/09/22	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	3.24	2.28	0.96	0.20	0.13
T-Bill, 3-Month	2.98	1.64	0.51	0.05	0.03
2-Year Treasury	3.57	2.93	2.28	0.72	0.28
5-Year Treasury	3.44	3.00	2.42	1.26	0.99
10-Year Treasury	3.31	2.97	2.32	1.51	1.52
30-Year Treasury	3.45	3.12	2.45	1.90	2.09
Bloomberg Aggregate (YTW)	4.11	3.72	2.92	1.75	1.56
Bloomberg Municipal Bond Blend 1-15 Year	3.05	2.82	2.36	0.87	0.84
ICE BofA US High Yield	8.18	8.93	6.02	4.31	4.08
Currencies	9/09/22	6/30/22	3/31/22	12/31/21	9/30/21
Euro (\$/€)	1.00	1.05	1.11	1.14	1.16
Yen (¥/\$)	142.45	135.86	121.37	115.16	111.57
Pound (\$/£)	1.16	1.21	1.32	1.35	1.35
Commodities	9/09/22	6/30/22	3/31/22	12/31/21	9/30/21
Crude Oil (WTI)	86.79	105.76	100.28	75.21	75.03
Gold	1,729	1,807	1,954	1,829	1,757
Volatility	9/09/22	6/30/22	3/31/22	12/31/21	9/30/21
CBOE VIX	22.79	28.71	20.56	17.22	23.14

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
3.22	3.68	4.15	-6.35	-13.72	-20.32	Large
3.90	4.42	4.98	-6.49	-11.16	-15.70	Mid
2.40	2.76	3.17	-10.03	-14.01	-17.88	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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