

**In focus**

Equity markets were volatile last week, with three separate days seeing the S&P 500 close at least 2.5% above or below the previous day's close. This was the first such occurrence since March 2020. Prior to the pandemic-related market crash, no such week had occurred since 2011. The Volatility Index (VIX) remained elevated and closed above 30 for the second consecutive week.

Stocks rallied to start the week, with the S&P 500 gaining 5.6% through Tuesday. Aiding the rally was improving market sentiment after downside surprises in economic reports, including ISM Manufacturing data. Potentially slowing inflation gave markets hope that the Federal Reserve (Fed) may soon pivot to a more dovish stance. However, markets faltered with renewed inflation concerns, beginning with the OPEC+ announcement of a two million barrel-per-day cut in production on Wednesday. Oil prices increased, with WTI Crude closing the week at \$92.64.

Highly anticipated economic data indicated that the labor market remains strong, stoking fears of persistent inflation. This good news for the labor market was bad news for stocks, as equities tumbled on Friday. Investors viewed a falling unemployment rate and a higher-than-expected payroll figure as signs that the Fed will likely implement another supersized rate hike at the November FOMC meeting. A strong labor market could mean the Fed continues to be more aggressive.

On the other hand, hourly earnings came in below expectations and increased at the slowest pace of 2022. Fed officials will likely view this favorably and will hope to see similar signs of a cooling labor market in future economic releases. In response to the data, Treasury yields jumped at both the short and long ends of the yield curve, and futures markets are now pricing in over a 90% chance of a 75 basis point (0.75%) hike at the November FOMC meeting.

**A look back**

- Global equities were buoyed by early-week gains and finished the week up 1.8%. Emerging markets outperformed, returning 2.5%, while the S&P 500 gained 1.6% to snap a three-week decline.
- 10-year U.S. Treasury yields rose to 3.88%, while the 2-/10-year inversion held steady at -0.41%.
- The U.S. labor market continued to show strength with the U.S. economy adding 263,000 jobs in September, which was roughly in-line with consensus estimates. The unemployment rate fell to 3.5% from 3.7%, matching its low for this cycle.

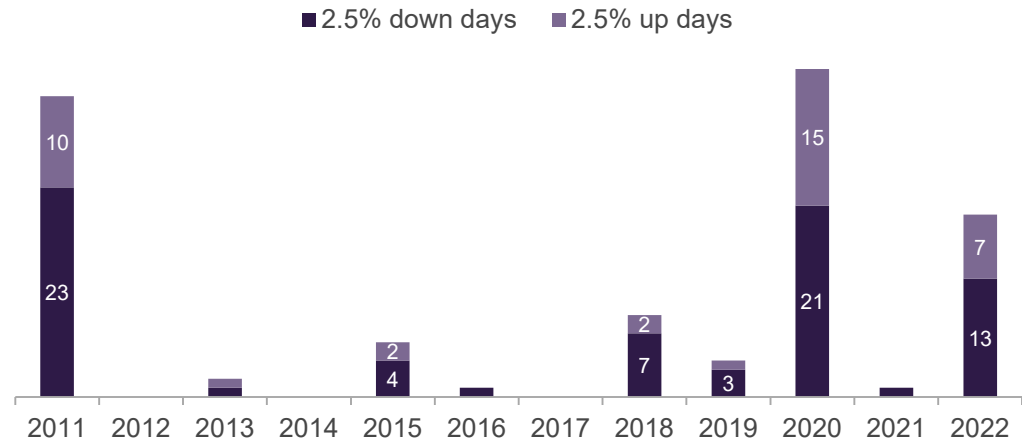
**A look ahead**

- Investors will look towards inflation data this week. Producer and consumer prices will provide insight into the Fed's fight against inflation and are key data points ahead of the November FOMC meeting.
- Earnings season kicks off this week and will shed light on how corporate profitability is holding up amid monetary tightening and slowing growth.
- Economic releases: NFIB Small Business Index, September FOMC meeting minutes, Producer Price Index, Consumer Price Index, Business Inventories, Retail Sales, University of Michigan Sentiment.

**Chart of the week – daily moves of at least 2.5% in the S&P 500**

The S&P 500 declined 2.8% on Friday relative to its previous close on Thursday. This marked the third day of the week with a move of at least 2.5% in either direction versus the prior close, the first week with three moves of this size since March 2020. The index has now had 20 such days year to date.

**S&P 500 - Number of 2.5% up and down days**



Data Source: Truist IAG, FactSet



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**Wealth**

# Market Pulse

As of October 07, 2022

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	1.77	1.77	1.77	-24.31	-20.15
S&P 500	1.56	1.56	1.56	-22.68	-15.93
MSCI EAFE (net)	1.94	1.94	1.94	-25.68	-23.12
MSCI Emerging Markets (net)	2.52	2.52	2.52	-25.32	-26.24
Dow Jones Industrials	2.03	2.03	2.03	-18.08	-13.94
Bloomberg Aggregate	-0.25	-0.25	-0.25	-14.83	-14.53
ICE BofA US High Yield	1.44	1.44	1.44	-13.39	-12.58
Bloomberg Municipal Bond Blend 1-15 Year	0.57	0.57	0.57	-8.69	-8.26
ICE BofA Global Government xUS (USD Unhedged)	-0.76	-0.76	-0.76	-27.57	-28.87
ICE BofA Global Government xUS (USD Hedged)	-0.54	-0.54	-0.54	-11.61	-11.34
JP Morgan EMBI Global Diversified	0.58	0.58	0.58	-23.51	-23.46

Rates (%)	10/07/22	9/30/22	6/30/22	3/31/22	12/31/21
Fed Funds Target	3.25	3.25	1.75	0.50	0.25
Libor, 3-Month	3.90	3.75	2.28	0.96	0.20
T-Bill, 3-Month	3.36	3.23	1.64	0.51	0.05
2-Year Treasury	4.30	4.20	2.93	2.28	0.72
5-Year Treasury	4.13	4.03	3.00	2.42	1.26
10-Year Treasury	3.88	3.79	2.97	2.32	1.51
30-Year Treasury	3.84	3.76	3.12	2.45	1.90
Bloomberg Aggregate (YTW)	4.82	4.75	3.72	2.92	1.75
Bloomberg Municipal Bond Blend 1-15 Year	3.63	3.73	2.82	2.36	0.87
ICE BofA US High Yield	9.27	9.58	8.93	6.02	4.31
Currencies	10/07/22	9/30/22	6/30/22	3/31/22	12/31/21
Euro (\$/€)	0.98	0.98	1.05	1.11	1.14
Yen (¥/\$)	145.14	144.75	135.86	121.37	115.16
Pound (\$/£)	1.11	1.12	1.21	1.32	1.35
Commodities	10/07/22	9/30/22	6/30/22	3/31/22	12/31/21
Crude Oil (WTI)	92.64	79.49	105.76	100.28	75.21
Gold	1,709	1,672	1,807	1,954	1,829
Volatility	10/07/22	9/30/22	6/30/22	3/31/22	12/31/21
CBOE VIX	31.36	31.62	28.71	20.56	17.22

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
2.15	1.56	0.93	-14.77	-22.68	-29.76	Large
2.46	2.91	3.37	-15.42	-19.24	-22.97	Mid
2.89	2.73	2.54	-17.67	-21.07	-24.35	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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