

In focus

Although inflation is not just a U.S. problem, data last week showed that prices continue to rise. The Consumer and Producer Prices Indices (CPI and PPI) surprised to the upside, which is not what the Federal Reserve (Fed) or markets were hoping for. If inflation continues to remain a problem, then the Fed likely has to stay aggressive with their rate hikes. This data likely locks in another 0.75% rate hike for their November meeting.

The bond market reacted swiftly with yields climbing higher again last week. The lift in yields was driven by the more policy-sensitive short end of the curve, as traders priced in a higher potential stopping point for the Fed. Volatility in the bond market has been extreme this year and is set to remain high with the Fed continuing to roll assets off their balance sheet. International bond markets are not helping either, with yields swinging wildly in the U.K., causing yields here in the U.S. to move as well.

Earnings season will give a window into how companies are dealing with hot inflation and a more restrictive Fed. Last week showed that some banks are dealing with these cross currents sufficiently, while others are having to make tough decisions on their costs. The S&P 500 dropped again last week and hit another low for the year but closed the week only down about 1.5%. A potential benefit for equities is that a lot of bad news is already priced into the market. This was proven with stocks bouncing on the worse-than-expected CPI report last week.

A look back

- Global stocks made a new low for the year last week. Emerging markets led the way down, falling over 3.8%.
- U.S. Treasury yields rose again last week with the 2-year yield rising more than the 10-year yield, further inverting the curve.
- Inflation data came in hotter than expected for September's readings of CPI and PPI; the core segments showed the biggest surprises.

A look ahead

- Earnings season will continue this week after several large banks kick-started the Q3 reporting period last week.
- 10 Fed officials will give speeches this week as they try to frame their outlook given the persistence of inflation.
- Economic releases: Industrial Production, Housing Starts, Building Permits, Existing Home Sales, Leading Index.

Chart of the week – 10-year yield breaking 4% for the first time since 2008

The 10-year U.S. Treasury yield closed above 4% for the first time since 2008 last week. Because yields have risen so much during 2022, much of the high quality fixed income space is attractive.



Data Source: Truist IAG, Bloomberg



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Wealth

Market Pulse

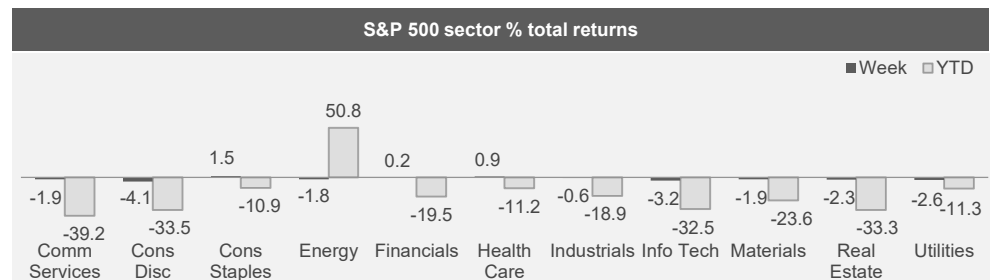
As of October 14, 2022

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-1.93	-0.19	-0.19	-25.77	-22.63
S&P 500	-1.53	0.00	0.00	-23.87	-17.95
MSCI EAFE (net)	-1.35	0.57	0.57	-26.68	-25.29
MSCI Emerging Markets (net)	-3.81	-1.39	-1.39	-28.17	-29.80
Dow Jones Industrials	1.17	3.22	3.22	-17.13	-13.34
Bloomberg Aggregate	-1.19	-1.44	-1.44	-15.84	-15.84
ICE BofA US High Yield	-1.08	0.34	0.34	-14.32	-13.53
Bloomberg Municipal Bond Blend 1-15 Year	0.09	0.66	0.66	-8.61	-8.18
ICE BofA Global Government xUS (USD Unhedged)	-2.01	-2.75	-2.75	-29.03	-30.09
ICE BofA Global Government xUS (USD Hedged)	-0.87	-1.41	-1.41	-12.38	-12.30
JP Morgan EMBI Global Diversified	-2.03	-1.47	-1.47	-25.06	-25.18

Rates (%)	10/14/22	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	4.19	3.75	2.28	0.96	0.20
T-Bill, 3-Month	3.64	3.23	1.64	0.51	0.05
2-Year Treasury	4.49	4.20	2.93	2.28	0.72
5-Year Treasury	4.26	4.03	3.00	2.42	1.26
10-Year Treasury	4.01	3.79	2.97	2.32	1.51
30-Year Treasury	3.97	3.76	3.12	2.45	1.90
Bloomberg Aggregate (YTW)	5.03	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	9.54	9.58	8.93	6.02	4.31
Currencies	10/14/22	9/30/22	6/30/22	3/31/22	12/31/21
Euro (\$/€)	0.98	0.98	1.05	1.11	1.14
Yen (¥/\$)	148.37	144.75	135.86	121.37	115.16
Pound (\$/£)	1.13	1.12	1.21	1.32	1.35
Commodities	10/14/22	9/30/22	6/30/22	3/31/22	12/31/21
Crude Oil (WTI)	85.61	79.49	105.76	100.28	75.21
Gold	1,649	1,672	1,807	1,954	1,829
Volatility	10/14/22	9/30/22	6/30/22	3/31/22	12/31/21
CBOE VIX	32.02	31.62	28.71	20.56	17.22

U.S. style % total returns (S&P indexes)					
Week			YTD		
Value	Core	Growth	Value	Core	Growth
-0.29	-1.53	-2.87	-15.01	-23.87	-31.78
0.01	-0.93	-1.93	-15.41	-19.99	-24.46
0.56	-0.22	-1.11	-17.21	-21.24	-25.19

Data Source: Truist, FactSet



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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.

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