

In focus

After reaching its lowest level since November 2020, U.S. equity markets rallied nearly 5% last week. Several factors likely contributed to the strength of the bounce with sentiment being one of those.

With sentiment reaching extreme bearish levels after another high inflation print earlier this month, investors turned bullish hoping the negative sentiment was a sign of capitulation. Bank of America's Global Fund Manager Survey provided another bearish signal, highlighting that fund managers' cash allocations reached their highest levels since 2001. In addition to other technical factors, the depressed sentiment and extreme bearishness set conditions up for a near-term rally. Our view was that one of the biggest assets for the market was depressed sentiment. This allowed a little good news to go a long way.

While depressed investor sentiment helped with a short-term rally, market participants will be focused on earnings as they gauge the resilience of Corporate America and what this could mean for markets on a more sustained basis. Importantly, investors will be watching if corporate leaders' economic expectations materialize through downward earnings revisions or if the strength of consumer and corporate balance sheets will be enough to withstand the extreme financial tightening set to unfold by the Federal Reserve (Fed).

A look back

- Equity markets rallied off year-to-date lows from a week earlier led by U.S. stocks, which ended the week up by 4.8%.
- U.S. Treasury yields moved higher again last week with the 10-year yield rising more than the 2-year yield, steepening the 2- /10-year yield curve by 13 basis points (0.13%).
- Existing single family home sales dropped for the eighth-consecutive month with prices across all regions declining.

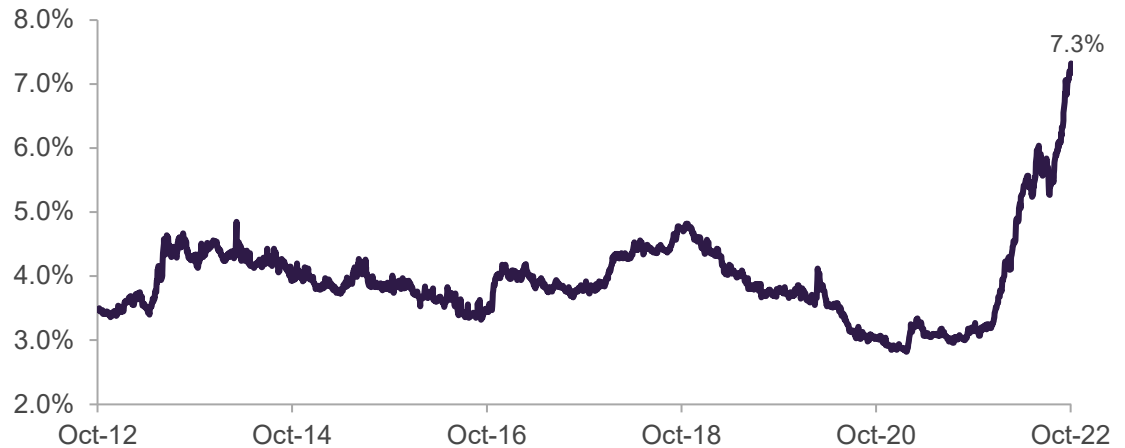
A look ahead

- Earnings season kicks into high gear with over 160 companies from the S&P 500 reporting third quarter results this week.
- Investors will be awaiting Friday's update on the Fed's preferred inflation gauge, Personal Consumption Expenditures (PCE).
- Economic releases: S&P Global U.S. Manufacturing & Services, Wholesale Inventories, New Home Sales, Durable Goods Orders, GDP, and PCE.

Chart of the week – Higher mortgage rates slow housing activity

Several key housing metrics have weakened dramatically this month due to significantly higher mortgage rates, which are now above 7% nationally.

U.S. 30-year fixed mortgage rate



Data Source: Truist IAG, FactSet



Wealth

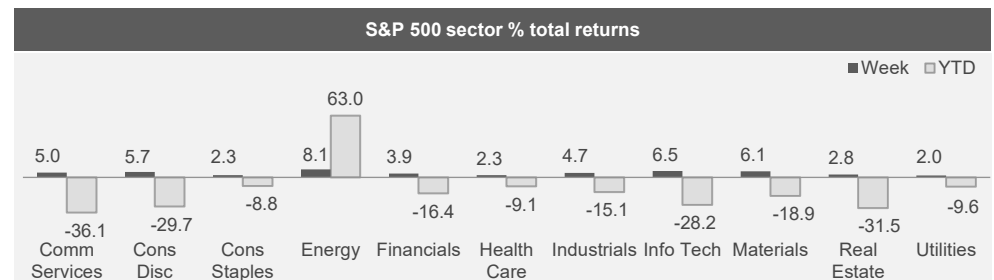
Market Pulse

As of October 21, 2022

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	3.24	3.04	3.04	-23.36	-21.84
S&P 500	4.75	4.75	4.75	-20.25	-16.17
MSCI EAFE (net)	0.55	1.12	1.12	-26.28	-25.82
MSCI Emerging Markets (net)	0.21	-1.19	-1.19	-28.03	-31.09
Dow Jones Industrials	4.93	8.31	8.31	-13.04	-10.85
Bloomberg Aggregate	-1.07	-2.49	-2.49	-16.74	-16.05
ICE BofA US High Yield	0.34	0.69	0.69	-14.03	-13.29
Bloomberg Municipal Bond Blend 1-15 Year	-0.75	-0.10	-0.10	-9.30	-8.64
ICE BofA Global Government xUS (USD Unhedged)	-0.34	-3.09	-3.09	-29.27	-30.15
ICE BofA Global Government xUS (USD Hedged)	-0.03	-1.44	-1.44	-12.40	-11.84
JP Morgan EMBI Global Diversified	-1.30	-2.75	-2.75	-26.04	-25.84

Rates (%)	10/21/22	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	4.35	3.75	2.28	0.96	0.20
T-Bill, 3-Month	3.97	3.23	1.64	0.51	0.05
2-Year Treasury	4.50	4.20	2.93	2.28	0.72
5-Year Treasury	4.35	4.03	3.00	2.42	1.26
10-Year Treasury	4.21	3.79	2.97	2.32	1.51
30-Year Treasury	4.30	3.76	3.12	2.45	1.90
Bloomberg Aggregate (YTW)	5.15	4.75	3.72	2.92	1.75
Bloomberg Municipal Bond Blend 1-15 Year	3.81	3.73	2.82	2.36	0.87
ICE BofA US High Yield	9.47	9.58	8.93	6.02	4.31
Currencies	10/21/22	9/30/22	6/30/22	3/31/22	12/31/21
Euro (\$/€)	0.98	0.98	1.05	1.11	1.14
Yen (¥/\$)	149.99	144.75	135.86	121.37	115.16
Pound (\$/£)	1.12	1.12	1.21	1.32	1.35
Commodities	10/21/22	9/30/22	6/30/22	3/31/22	12/31/21
Crude Oil (WTI)	85.05	79.49	105.76	100.28	75.21
Gold	1,656	1,672	1,807	1,954	1,829
Volatility	10/21/22	9/30/22	6/30/22	3/31/22	12/31/21
CBOE VIX	29.69	31.62	28.71	20.56	17.22

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
4.11	4.75	5.46	-11.53	-20.25	-28.06	Large
3.07	2.99	2.90	-12.81	-17.60	-22.26	Mid
3.80	3.36	2.84	-14.06	-18.59	-23.07	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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