

**In focus**

The spotlight was on mega-cap technology companies last week as earnings season was in full swing. While investors came away largely disappointed in these companies' reports, equities enjoyed broad gains. Tech giants have driven U.S. equity markets in recent years given their weighting in the S&P 500, but in a week that saw many of these behemoths struggle, the S&P 500 rose almost 4% to its highest level in six weeks.

Third quarter GDP was released last week, growing at an annualized pace of 2.6%, which beat expectations. This report adds to the myriad of data the Federal Reserve (Fed) will have to parse through as it contemplates the future path of monetary policy as it continues to battle elevated inflation.

Investors have been looking for signs that the Fed will have to pivot and be less aggressive with rate hikes. Optimism on this front was evident in bond markets, aided by the Bank of Canada's decision to hike rates by 50 basis points (0.50%) instead of the expected 0.75%. Additionally, the 10-year U.S. Treasury yield fell on the week, snapping a streak of 12 straight weekly increases, and ending the week just above 4%. These lower yields helped fuel the rally in the equity market. Economic data will be crucial in determining whether this will continue, with key numbers including payroll and unemployment data set to be released this week.

**A look back**

- Global equities rallied, closing the week up over 3.3%. The S&P 500 gained nearly 4% to notch its second-straight positive week.
- U.S. Treasury yields declined, and the 2-/10-year curve inversion widened to -0.39%. The 3-month/10-year yield curve, the Fed's preferred financial conditions gauge, inverted.
- Pending home sales, a leading indicator of housing activity, fell 10.2% in September, far steeper than anticipated.

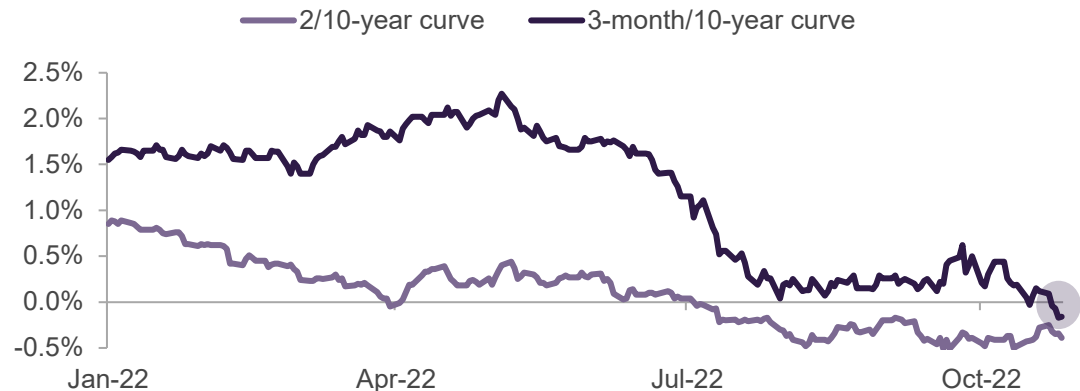
**A look ahead**

- Investors will closely monitor Fed Chair Powell's comments following the Fed's meeting this week, where it is widely expected to increase policy rates by 0.75%.
- Earnings season continues, with over 30% of the S&P 500 scheduled to report.
- Economic releases: Fed rate decision, Unemployment Rate, Nonfarm Payrolls, ISM Manufacturing and Services, S&P Global U.S. Services.

**Chart of the week – Yield curve inversion**

The 2/10-year spread on U.S. Treasury yields has been negative since early July, the longest stretch of inversion since 2007. The 3-month/10-year spread, which the Fed prioritizes in its analysis, has also turned negative after flattening dramatically since May.

**U.S. Treasury yield curves**



Data Source: Truist IAG, FactSet, Federal Reserve Bank of St. Louis



# Market Pulse

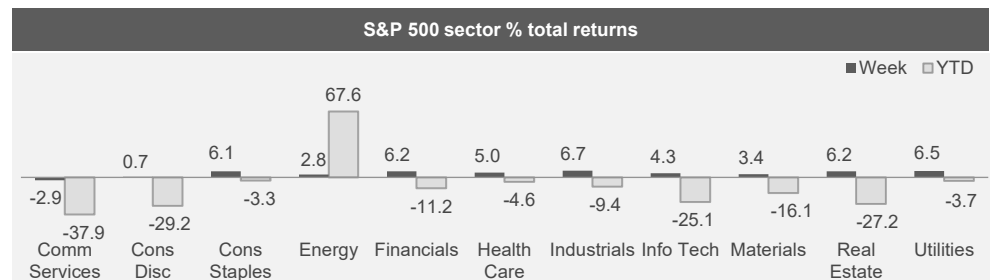
As of October 28, 2022

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	3.35	6.49	6.49	-20.80	-19.72
S&P 500	3.97	8.90	8.90	-17.09	-13.75
MSCI EAFE (net)	4.13	5.30	5.30	-23.23	-23.58
MSCI Emerging Markets (net)	-2.24	-3.40	-3.40	-29.64	-31.75
Dow Jones Industrials	5.72	14.52	14.52	-8.06	-6.12
Bloomberg Aggregate	1.65	-0.88	-0.88	-15.36	-15.24
ICE BofA US High Yield	2.56	3.27	3.27	-11.83	-11.08
Bloomberg Municipal Bond Blend 1-15 Year	-0.33	-0.43	-0.43	-9.60	-8.94
ICE BofA Global Government xUS (USD Unhedged)	4.19	0.98	0.98	-26.30	-27.87
ICE BofA Global Government xUS (USD Hedged)	2.39	0.92	0.92	-10.31	-10.28
JP Morgan EMBI Global Diversified	3.42	0.58	0.58	-23.51	-23.92

Rates (%)	10/28/22	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	4.43	3.75	2.28	0.96	0.20
T-Bill, 3-Month	3.98	3.23	1.64	0.51	0.05
2-Year Treasury	4.42	4.20	2.93	2.28	0.72
5-Year Treasury	4.19	4.03	3.00	2.42	1.26
10-Year Treasury	4.01	3.79	2.97	2.32	1.51
30-Year Treasury	4.13	3.76	3.12	2.45	1.90
Bloomberg Aggregate (YTW)	4.94	4.75	3.72	2.92	1.75
Bloomberg Municipal Bond Blend 1-15 Year	3.89	3.73	2.82	2.36	0.87
ICE BofA US High Yield	8.88	9.58	8.93	6.02	4.31
Currencies	10/28/22	9/30/22	6/30/22	3/31/22	12/31/21
Euro (\$/€)	0.99	0.98	1.05	1.11	1.14
Yen (¥/\$)	147.51	144.75	135.86	121.37	115.16
Pound (\$/£)	1.16	1.12	1.21	1.32	1.35
Commodities	10/28/22	9/30/22	6/30/22	3/31/22	12/31/21
Crude Oil (WTI)	87.90	79.49	105.76	100.28	75.21
Gold	1,645	1,672	1,807	1,954	1,829
Volatility	10/28/22	9/30/22	6/30/22	3/31/22	12/31/21
CBOE VIX	25.75	31.62	28.71	20.56	17.22

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
5.62	3.97	2.17	-6.55	-17.09	-26.50	Large
5.68	5.33	4.95	-7.86	-13.21	-18.41	Mid
6.49	6.17	5.81	-8.48	-13.57	-18.60	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 SBBB U.S. Large Stock Index measures the total return of U.S. large cap stocks on a monthly basis.

IA SBBB Intermediate-Term Government Bond Index measures the total return of U.S. intermediate-term government bonds on a monthly basis.

IA SBBB 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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