

In focus

Hungry for good news last week, the market devoured inflation data from October that came in lower than expected, leading U.S. equities to jump over 5% on Thursday and sending the 10-year U.S. Treasury yield well below 4%. While U.S. elections took place earlier in the week, investors seemed to be much more concerned with the inflation report. This lines up with our work that shows that elections matter, but other factors tend to matter more for markets and the economy.

Data from October's Consumer Price Index (CPI) report showed that inflation rose less than expected. Core CPI, which excludes the volatile food and energy components, rose 0.3%, cooler than the estimated 0.5%. On a year-over-year basis core CPI dropped from 6.6% to 6.3%. Additionally, several Federal Reserve (Fed) officials provided comments that we're perceived as dovish – giving the bulls a set up that they wanted. However, inflation is still well above the Fed's target.

The rally, which was the biggest seen so far this year for the S&P 500, sent the index above 3,900 and favored some of the sectors which have been the most battered this year. For example, the communications services sector, which is down about 37% this year and is the worst-performing sector year to date, clawed back over 9% last week.

A look back

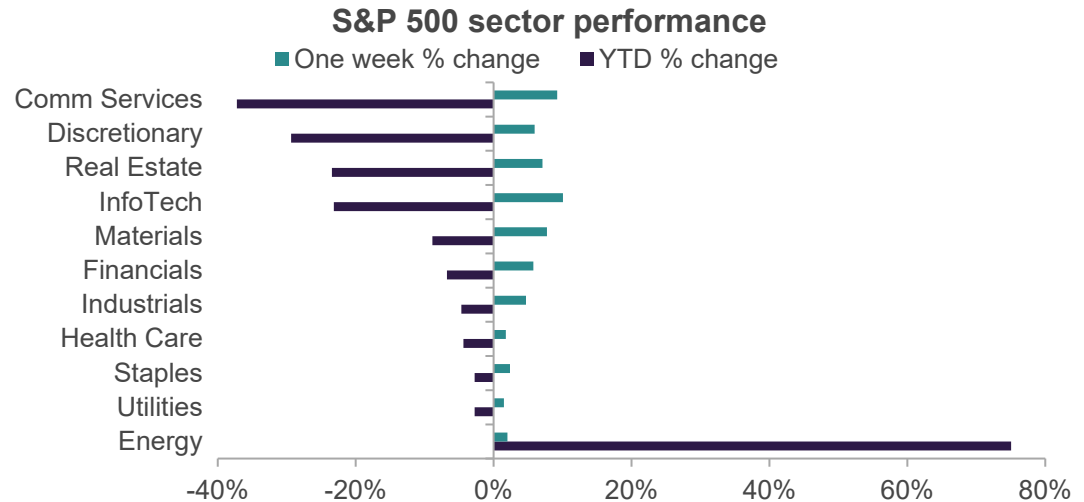
- Global equity markets rallied across the board last week with the U.S., emerging, and international developed markets each up more than 5%.
- The 2-/10-year yield curve remained inverted last week as the 10-year U.S. Treasury yield fell back below 4%.
- October CPI showed softness with both monthly and yearly figures coming in below expectations, inclusive of food and energy.

A look ahead

- Geopolitics will be front and center this week as the G20 summit convenes in Bali and President Biden is expected to speak with Chinese President Xi in person.
- The Philadelphia Fed President takes the stage on Tuesday. Any rhetoric about the Fed's path will likely gather investor interest.
- Economic releases: Producer Price Index, Retail Sales, Building Permits, Existing Home Sales, and Housing Starts.

Chart of the week – S&P 500 performance by sector

Ten of the 11 sectors that make up the S&P 500 are in negative territory year to date. Last week, all 11 sectors performed positively and contributed to an increase of 5.9% for the overall index.



Data Source: Truist IAG, FactSet



Wealth

Market Pulse

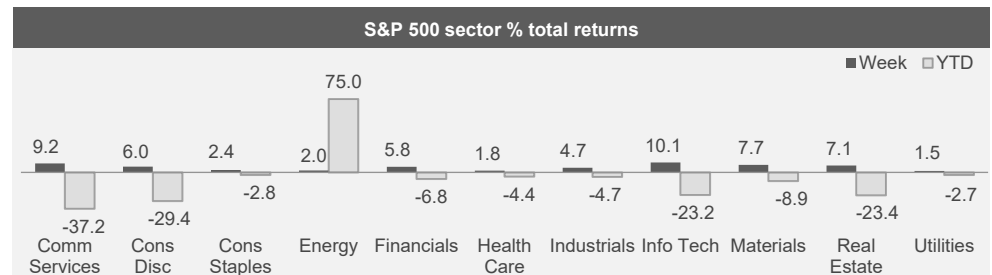
As of November 11, 2022

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	6.59	5.56	11.93	-16.75	-16.25
S&P 500	5.93	3.19	11.55	-15.08	-12.72
MSCI EAFE (net)	8.42	9.69	15.59	-15.73	-16.22
MSCI Emerging Markets (net)	5.74	10.35	6.93	-22.11	-24.82
Dow Jones Industrials	4.22	3.18	17.69	-5.51	-4.10
Bloomberg Aggregate	2.29	1.91	0.59	-14.10	-14.06
ICE BofA US High Yield	1.27	0.29	3.14	-11.93	-11.63
Bloomberg Municipal Bond Blend 1-15 Year	1.00	1.23	0.85	-8.44	-8.15
ICE BofA Global Government xUS (USD Unhedged)	5.98	5.55	5.52	-22.98	-23.78
ICE BofA Global Government xUS (USD Hedged)	1.10	0.43	1.03	-10.21	-10.50
JP Morgan EMBI Global Diversified	2.92	3.40	3.56	-21.24	-21.98

Rates (%)	11/11/22	9/30/22	6/30/22	3/31/22	12/31/21
Fed Funds Target	4.00	3.25	1.75	0.50	0.25
Libor, 3-Month	4.64	3.75	2.28	0.96	0.20
T-Bill, 3-Month	4.16	3.23	1.64	0.51	0.05
2-Year Treasury	4.31	4.20	2.93	2.28	0.72
5-Year Treasury	3.94	4.03	3.00	2.42	1.26
10-Year Treasury	3.81	3.79	2.97	2.32	1.51
30-Year Treasury	4.05	3.76	3.12	2.45	1.90
Bloomberg Aggregate (YTW)	4.73	4.75	3.72	2.92	1.75
Bloomberg Municipal Bond Blend 1-15 Year	3.67	3.73	2.82	2.36	0.87
ICE BofA US High Yield	8.93	9.58	8.93	6.02	4.31
Currencies	11/11/22	9/30/22	6/30/22	3/31/22	12/31/21
Euro (\$/€)	1.03	0.98	1.05	1.11	1.14
Yen (¥/\$)	139.07	144.75	135.86	121.37	115.16
Pound (\$/£)	1.18	1.12	1.21	1.32	1.35
Commodities	11/11/22	9/30/22	6/30/22	3/31/22	12/31/21
Crude Oil (WTI)	88.96	79.49	105.76	100.28	75.21
Gold	1,769	1,672	1,807	1,954	1,829
Volatility	11/11/22	9/30/22	6/30/22	3/31/22	12/31/21
CBOE VIX	22.52	31.62	28.71	20.56	17.22

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
3.83	5.93	8.40	-4.06	-15.08	-24.90	Large
4.47	5.28	6.17	-4.22	-9.70	-15.03	Mid
4.41	5.23	6.20	-5.80	-10.97	-16.07	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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