

In focus

Equities were unable to maintain the previous week's momentum on the heels of the S&P 500's fourth weekly gain of at least 5% this year. Notably, the energy sector underperformed for the second-consecutive week as oil prices fell sharply. Hawkish comments from Federal Reserve (Fed) officials, paired with strong retail sales data, poured a bit of cold water on hopes of a lower terminal Fed Funds rate, which investors had been pricing in after last week's better-than-expected Consumer Price Index (CPI) data.

Investors got an encouraging sign on inflation for the second-straight week on Tuesday, as the October Producer Price Index (PPI) came in below expectations. Equity markets responded favorably, with all major U.S. indices ending the day in the green. On the other hand, the Leading Economic Index declined for the eighth-straight month, showing continued risks to the U.S. economy.

Conversely, retail sales rose more than expected, showing the resilience of U.S. consumers. This was reinforced by decent earnings releases from some notable retailers. Heading into a holiday-shortened week, policymakers and investors alike will grapple with these conflicting indications of consumer resiliency and a weakening economy.

A look back

- Global stocks dropped slightly, while U.S. equities fell 0.7%, underperforming global markets. Emerging markets were positive.
- The 2-/10-year inversion intensified, closing Friday at the steepest inversion (-0.69%) since 1981. The 3-month/10-year inversion also reached levels not seen in over 20 years.
- Mortgage rates plunged but remain highly elevated. The average 30-year fixed rate dropped 0.57% to 6.61%.

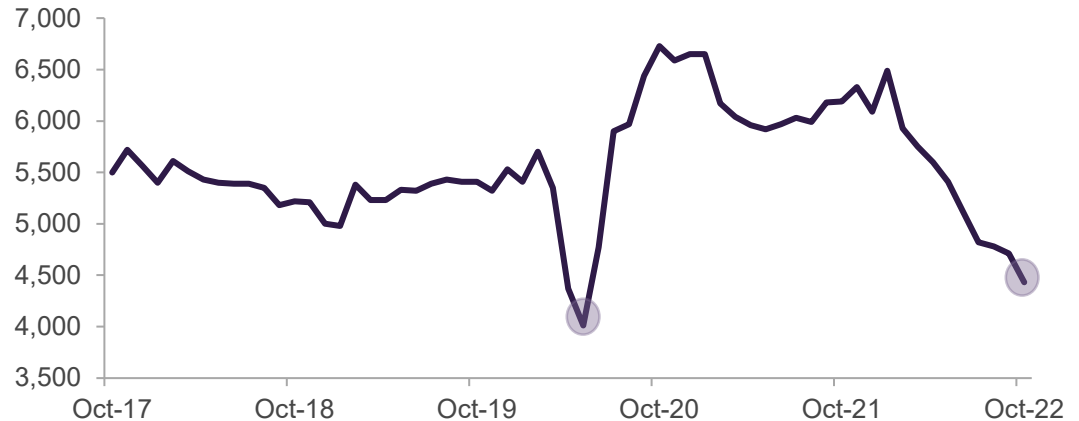
A look ahead

- Investors will parse limited economic data and minutes from the November FOMC meeting for clues on the Fed's policy path.
- This week will be shortened by the Thanksgiving holiday, with U.S. markets closed on Thursday and closing early Friday.
- Economic releases: Univ. of Michigan Sentiment, FOMC meeting minutes, S&P Global U.S. Manufacturing & Services, New Home Sales, Durable Goods Orders.

Chart of the week – Existing home sales continue to decline

Existing home sales dropped for the ninth-straight month in October to the lowest level since May 2020 as high mortgage rates continue to weigh on the housing sector. This is the longest stretch of consecutive monthly declines dating back to 1999.

Existing Home Sales



Data Source: Truist IAG, FactSet



Market Pulse

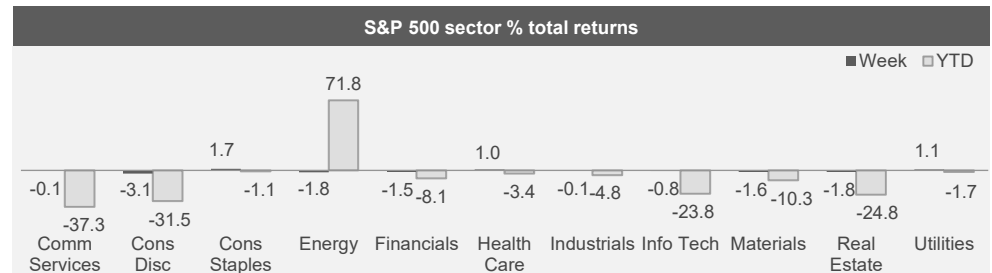
As of November 18, 2022

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-0.38	5.16	11.51	-17.07	-17.09
S&P 500	-0.61	2.56	10.86	-15.60	-14.31
MSCI EAFE (net)	0.26	9.97	15.89	-15.51	-15.88
MSCI Emerging Markets (net)	0.79	11.23	7.77	-21.50	-23.78
Dow Jones Industrials	0.11	3.29	17.82	-5.41	-3.96
Bloomberg Aggregate	0.48	2.40	1.07	-13.69	-13.44
ICE BofA US High Yield	0.55	0.84	3.71	-11.45	-10.71
Bloomberg Municipal Bond Blend 1-15 Year	1.33	2.58	2.19	-7.22	-6.83
ICE BofA Global Government xUS (USD Unhedged)	0.77	6.36	6.33	-22.39	-22.82
ICE BofA Global Government xUS (USD Hedged)	0.88	1.31	1.92	-9.42	-9.74
JP Morgan EMBI Global Diversified	1.64	5.10	5.26	-19.95	-19.93

Rates (%)	11/18/22	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	4.66	3.75	2.28	0.96	0.20
T-Bill, 3-Month	4.24	3.23	1.64	0.51	0.05
2-Year Treasury	4.49	4.20	2.93	2.28	0.72
5-Year Treasury	3.99	4.03	3.00	2.42	1.26
10-Year Treasury	3.81	3.79	2.97	2.32	1.51
30-Year Treasury	3.92	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	3.39	3.73	2.82	2.36	0.87
ICE BofA US High Yield	8.85	9.58	8.93	6.02	4.31
Currencies	11/18/22	9/30/22	6/30/22	3/31/22	12/31/21
Euro (\$/€)	1.04	0.98	1.05	1.11	1.14
Yen (¥/\$)	139.89	144.75	135.86	121.37	115.16
Pound (\$/£)	1.19	1.12	1.21	1.32	1.35
Commodities	11/18/22	9/30/22	6/30/22	3/31/22	12/31/21
Crude Oil (WTI)	80.11	79.49	105.76	100.28	75.21
Gold	1,754	1,672	1,807	1,954	1,829
Volatility	11/18/22	9/30/22	6/30/22	3/31/22	12/31/21
CBOE VIX	23.12	31.62	28.71	20.56	17.22

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
-0.04	-0.61	-1.26	-4.10	-15.60	-25.85	Large
-0.51	-0.79	-1.10	-4.71	-10.41	-15.96	Mid
-0.91	-1.09	-1.29	-6.66	-11.93	-17.16	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.

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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.

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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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