

Weekly Market Update



Market Data as of Week Ending: 10/28/2022 unless noted otherwise

U.S. stock prices advanced last week as investor sentiment improved for risk assets. Investors have been concerned that companies would report less favorable earnings and analysts would be forced to lower expectations for growth next year. However, third quarter results have been largely in-line with expectations at around 2% growth and 71% of companies in the S&P 500 reporting earnings above estimates. It is worth noting that according to FactSet, if the energy sector is excluded, the S&P 500 would be reporting a 5.1% decline in earnings. Small and mid-sized companies generally outperformed their large cap peers, while the growth factor was a headwind. Ten of the eleven sectors recorded gains with the communication services sector as the only outlier due to large drawdowns from Alphabet (parent of Google), and especially Meta Platforms (parent of Facebook). Developed foreign and emerging markets stock prices ended the week mixed with results as emerging markets finished the week in negative territory.

U.S. Treasury yields declined as foreign central banks attempt to join the Federal Reserve in a more aggressive approach to reduce inflation. The 10-year U.S. Treasury declined and ended the week at 4.11%, while the 2-year yield was unchanged and remained at 4.55%. Long duration outperformed last week as all segments across the bond market recorded gains. High yield corporate bonds generally outperformed with the only exception among long duration, where investment grade took the top spot. Yields declined for both investment grade corporate and high yield bonds, finishing the week at nearly 5.9% and 9.0%, respectively.

Economic growth, as measured by gross domestic product (GDP), came in better than expected at 2.6% after adjusting for inflation. This was the first positive result for the year, bolstered by exports of oil and natural gas as supplies have been disrupted in Europe. Inflation has been persistently high, but wages have also increased and were reported at 5% higher, according to the employment cost index. Consumer spending has increased due in part to higher prices, but even after adjusting for inflation, spending increased 0.3% in September compared to one year ago. Housing continues to be a problem for economic growth as a flurry of negative reports came through this week. Inside the third quarter GDP report, residential investment fell at a 26% annual rate during the third quarter. Pending home sales declined more than 10% in September, the largest drawdown since the pandemic and prices declined for the second consecutive month in August, according to the S&P Case-Shiller Index. The European Central Bank (ECB) increased rates by 0.75% for the second consecutive meeting and noted that further increases may be necessary to reduce inflation.

U.S. Equity Returns (Size & Style - Russell)

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	5.04%	4.02%	3.01%	10.81%	8.79%	6.82%	10.81%	8.79%	6.82%	-8.86%	-17.96%	-25.93%
Mid	5.70%	5.59%	5.40%	9.83%	9.26%	8.24%	9.83%	9.26%	8.24%	-12.52%	-17.26%	-25.81%
Small	6.27%	6.02%	5.78%	12.60%	11.01%	9.49%	12.60%	11.01%	9.49%	-11.18%	-16.85%	-22.57%

U.S. Fixed Income Returns (Quality & Duration - Bloomberg)

	Week			MTD			QTD			YTD		
	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long
Govt	0.41%	0.70%	3.55%	-0.05%	-0.24%	-4.80%	-0.05%	-0.24%	-4.80%	-6.38%	-8.86%	-32.19%
Corp	0.58%	1.12%	3.71%	-0.17%	-0.20%	-1.83%	-0.17%	-0.20%	-1.83%	-7.59%	-11.99%	-30.72%
HY	1.91%	2.44%	2.50%	2.64%	3.13%	0.58%	2.64%	3.13%	0.58%	-6.83%	-11.42%	-25.09%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	3.97%	8.90%	8.90%	-17.09%
S&P MidCap 400	5.33%	10.59%	10.59%	-13.21%
Russell 2000	6.02%	11.01%	11.01%	-16.85%
MSCI EAFE	4.13%	5.30%	5.30%	-23.23%
MSCI Emerging Markets	-2.24%	-3.40%	-3.40%	-29.64%
MSCI EAFE Small Cap	4.37%	4.15%	4.15%	-29.30%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	0.83%	-0.22%	-0.22%	-9.83%
Bloomberg US Agg	1.65%	-0.88%	-0.88%	-15.36%
Bloomberg US High Yield	2.44%	3.03%	3.03%	-12.16%
Other				
Bloomberg Commodity	0.51%	0.52%	0.52%	14.16%
S&P Dev Property	5.69%	3.33%	3.33%	-27.12%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	0.71%	0.93%	0.93%	-29.24%
Consumer Staples	6.12%	9.72%	9.72%	-3.26%
Energy	2.79%	24.18%	24.18%	67.57%
Financials	6.23%	12.80%	12.80%	-11.17%
Health Care	5.00%	9.80%	9.80%	-4.57%
Industrials	6.74%	14.31%	14.31%	-9.38%
Info Technology	4.29%	9.28%	9.28%	-25.08%
Materials	3.35%	9.98%	9.98%	-16.13%
Real Estate	6.29%	2.19%	2.19%	-26.98%
Communication Svcs	-2.86%	1.84%	1.84%	-37.92%
Utilities	6.50%	2.99%	2.99%	-3.71%

Bond Yields

	10/28/22	9/30/22	9/30/22	12/31/21
3Mo Libor	4.44%	3.75%	3.75%	0.21%
SOFR 3Mo Swap	4.10%	3.60%	3.60%	0.09%
2Yr Treasury	4.55%	4.28%	4.28%	0.73%
10Yr Treasury	4.11%	3.83%	3.83%	1.51%
2-10 Slope	-0.44%	-0.45%	-0.45%	0.78%

Commodities and Currency

	10/28/22	9/30/22	9/30/22	12/31/21
Oil (\$/barrel)	87.9	79.49	79.49	76.99
Gold (\$/oz.)	1644.86	1660.61	1660.61	1829.2

Past performance is not a guarantee of future results. We believe the information presented is reliable, but we do not guarantee its accuracy.