



Weekly Recap

Domestic equities ended the third quarter (3Q) of 2022 at new lows for the year. For the week, the Dow Jones, S&P 500, and Nasdaq were down 2.92%, 2.91%, and 2.69%, respectively. Energy was the best performing sector this week posting a gain of 1.83%. The Utilities sector was the worst performing sector declining 8.81%. Growth and value performed closely, declining 2.85% and 2.57%, respectively. Markets rallied on Wednesday breaking a six-day losing streak as yields posted a sharp decline after an unexpected intervention of the Bank of England to stabilize the UK's financial markets. The rally reversed on Thursday with the S&P 500 Index declining to its lowest closing level since November 30, 2020, in reaction to Apple announcing plans not to increase production of its new iPhone as demand was weaker than expected. Following last week's rate hike of 75 basis points (bps), the market now anticipates the Fed to hike another 125 bps by year end and an additional 25 bps in February of 2023. The market at this point expects a 25 basis point rate cut toward the end of 2023. Moreover, according to the most recent summary of economic projections, the Fed believes Core PCE inflation will come down to within 10 bps of its target rate of 2% in 2025. The U.S. dollar has reached a 20-year high following surging U.S. interest rates.

Key Thought for The Week

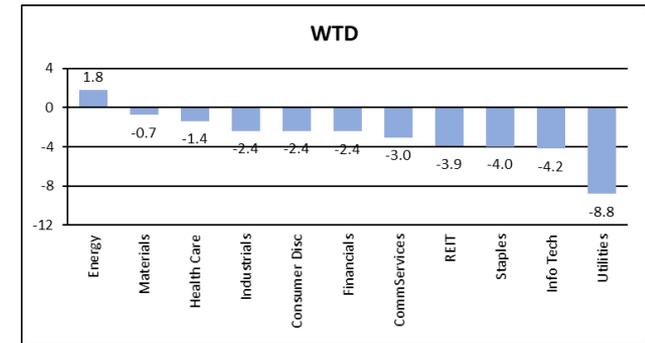
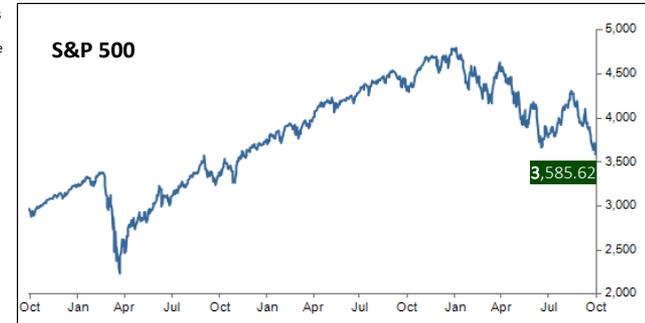
Amid tremendous bouts of volatility, the 10-year U.S. Treasury yield increased roughly 14 basis points (bps) week-over-week. Currently at 3.83%, the 10Y Note yield climbed above 4% on Wednesday and traded overnight in foreign markets as high as 4.10%. The Merrill Lynch Option Volatility Estimate (MOVE) Index, which is a yield curve weighted measure of implied volatility, hit approximately 159 which is 92 points above the 5-year average. For context, the 5-year index high was about 164 during the early part of the pandemic. Volatility has had a negative impact on liquidity conditions in the U.S. Treasury market evidenced by the sharp increase in Bloomberg's U.S. Government Securities Liquidity Index which is more than 3 standard deviations above its 5-year average. Despite the pullback in yields from earlier this week, U.S. Treasury securities remain at the lower end of oversold territory.

9/30/2022	Wk Net Change	Wk % Change	Div Yield	YTD % Change	12 Mos % Change
STOCKS					
DJIA	28,725.51	-864.90	-2.92	-20.95	-15.12
S&P 500	3,585.62	-107.61	-2.91	-24.77	-16.76
NASDAQ	10,575.62	-292.31	-2.69	-32.40	-26.81
S&P MidCap 400	2,203.53	-35.76	-1.60	-22.47	-16.55
EAFE	1,655.31	-78.71	-1.94	-29.14	-27.44
Emerging Market	873.29	-49.32	-3.59	-29.12	-30.31
TREASURIES					
2-Year	4.28		0.98	1.19	
5-Year	4.09		144.75	-0.99	
10-Year	3.83		1.12	2.86	
30-Year	3.78		1.37	-1.71	
FOREX					
USD/EUR			0.98	1.19	
JPY/USD			144.75	-0.99	
USD/GBP			1.12	2.86	
CAD/USD			1.37	-1.71	

Source: FactSet/Bloomberg

Sector - Large Cap	Close	Wk Net Change	WTD	MTD	QTD	YTD
Defensive						
Staples	695.78	-28.72	(4.0%)	(8.3%)	(7.2%)	(13.5%)
Health Care	1,411.36	-19.79	(1.4%)	(2.7%)	(5.6%)	(14.1%)
CommServices	162.01	-5.07	(3.0%)	(12.2%)	(12.9%)	(39.4%)
Eco Sensitive						
Consumer Disc	1,122.31	-27.33	(2.4%)	(8.1%)	4.1%	(30.3%)
Energy	552.56	9.95	1.8%	(9.7%)	1.2%	30.7%
Industrials	700.60	-17.00	(2.4%)	(10.6%)	(5.1%)	(21.7%)
Info Tech	2,079.85	-90.91	(4.2%)	(12.0%)	(6.4%)	(31.9%)
Materials	427.77	-3.13	(0.7%)	(9.6%)	(7.6%)	(24.9%)
Interest Rate Sensitive						
Financials	504.39	-12.54	(2.4%)	(7.9%)	(3.6%)	(22.4%)
Utilities	332.52	-32.14	(8.8%)	(11.5%)	(6.7%)	(8.6%)
REIT	225.94	-9.28	(3.9%)	(13.6%)	(11.7%)	(30.4%)

COMING UP NEXT WEEK		Consensus	Prior
10/03 Markit PMI Manufacturing SA (Final)	(Sep)	51.4	51.8
10/03 ISM Manufacturing SA	(Sep)	52.3	52.8
10/04 Durable Orders SA M/M (Final)	(Aug)	-0.20%	-0.20%
10/04 Factory Orders SA M/M	(Aug)	0.20%	-1.0%
10/04 JOLTS Job Openings	(Aug)	11,175K	11,239K
10/05 Markit PMI Services SA (Final)	(Sep)	45.0	49.2
10/07 Hourly Earnings Y/Y (Preliminary)	(Sep)	4.9%	5.2%
10/07 Nonfarm Payrolls SA	(Sep)	250.0K	315.0K
10/07 Unemployment Rate	(Sep)	3.7%	3.7%



Russell Style Return

WTD	Value	Blend	Growth
Large	(2.62%)	(2.74%)	(2.85%)
Medium	(2.58%)	(1.91%)	(0.68%)
Small	(2.39%)	(0.89%)	0.59%

YTD	Value	Blend	Growth
Large	(17.8)	(24.6)	(30.7)
Medium	(20.4)	(24.3)	(31.4)
Small	(21.2)	(25.1)	(29.3)

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