

WeeklyMarket Update



General Market News

- The Consumer Price Index (CPI) surprised markets last week with headline—which rose 0.4 percent month-over-month against an expected 0.6 percent gain—and core—which rose 0.3 percent month-over-month (excluding food and energy) against an expected 0.5 percent gain—numbers. These results were driven by a decline in prices for used vehicles, commodities, and medical care. The bond market rallied heavily on the news. The 2-year, 5-year, 10-year, and 30-year fell 24 basis points (bps) (to 4.42 percent), 33 bps (to 4 percent), 29 bps (to 3.87 percent), and 19 bps (to 4.06 percent), respectively.
- Equity markets also rallied on the lower-than-expected inflation data as Thursday saw the S&P 500 and Nasdaq Composite Index up more than 5 and 7 percent, respectively. The top-performing sectors were those that have been hit hardest by the higher rates and cost of capital, including technology, communication services, and materials. The high growth and yet-to-be-profitable names rebounded sharply in this two-day rally as the potential for a lower cost of capital in theory increased company values via a lower discount rate. That said, not all of the inflation report was positive as both energy and shelter continued their trend higher. The data reflected that not all areas are out of the woods; it may make sense to err on the side of caution before assuming one data point will confirm the trend in the months to follow.
- Thursday saw the release of the CPI for October. Consumer prices increased less than expected, due in part to declining prices for consumer goods.
- Finally, Friday saw the release of the preliminary University of Michigan consumer sentiment report for November. Consumer sentiment fell more than expected during the month, as consumer views on current economic conditions soured to start November.

Market Index Performance Data

EQUITIES

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	5.93	3.19	-15.08	-13.40
Nasdaq Composite	8.11	3.10	-27.13	-28.05
DJIA	4.22	3.18	-5.51	-4.60
MSCI EAFE	8.42	9.69	-15.73	-16.61
MSCI Emerging Markets	5.74	10.35	-22.11	-25.14
Russell 2000	4.64	2.00	-15.19	-20.90

Source: Bloomberg, as of November 11, 2022

FIXED INCOME

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	1.91	-14.10	-13.97
U.S. Treasury	1.36	-13.14	-12.88
U.S. Mortgages	2.55	-12.72	-12.69
Municipal Bond	1.73	-11.35	-11.00

Source: Morningstar Direct, as of November 11, 2022



What to Look Forward To

This week's data will focus on the consumer and housing.

Wednesday will see the release of retail sales figures for October. Retail sales are expected to increase 0.9 percent, which would be a sign of continued consumer resilience.

Friday will see the release of preliminary existing home sales data for October. Existing home sales are expected to fall for the ninth consecutive month, driven by rising mortgage rates and slowing demand

Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. The Nasdaq Composite Index measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent. Rev. 11/22.

Authored by the Investment Research team at Commonwealth Financial Network®