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