

## Economic Calendar

**Monday, November 7**  
Consumer Credit.

**Tuesday, November 8**  
Election Day, Small  
Business Confidence.

**Wednesday, November 9**  
Mortgage Activity,  
Wholesale Trade Sales &  
Inventories.

**Thursday, November 10**  
Consumer Price Index,  
Jobless Claims, Federal  
Budget Balance.

**Friday, November 11**  
Veterans Day (Fixed-Income  
Markets Closed), Consumer  
Sentiment.

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# WEEKLY RECAP

October 31-November 4, 2022 Recap

## Trimming Gains as Rate Outlook Steepens

### **Stocks Retrace Prior Gains**

U.S. stocks ended lower last week after the S&P 500 and Nasdaq Composite previously registered back-to-back weekly gains. The major market news last week was the widely expected 0.75% Fed rate hike to new range of 3.75% - 4.0%. While investors interpreted the Fed Statement as dovish, Fed Chairman Jerome Powell's press conference comments were decidedly hawkish, including no pause on rate hikes foreseen anytime soon. Market expectations for higher rates steepened towards peak rates of over 5.25% by May 2023.

### **For the Week...**

The S&P 500 fell 3.31%, retracing much of its 3.97% prior week gain. The Dow Jones Industrial Average fell the least, down 1.40% while the tech-heavy Nasdaq Composite slumped 5.62%. Russell mid cap stocks (-2.04%) outperformed, falling less than large caps (-3.39%). Russell large cap value stocks fell the least however, down 1.19% - while large cap growth stocks fell the most, tumbling 5.61%.

### **October Hiring Tops Forecasts**

The U.S. economy added 261,000 new jobs last month (205,000 expected), down from 315,000 jobs added in September. While labor market growth fell to a 22-month low last month, the unemployment rate rose to 3.7% from 3.5% as the unemployed ranks swelled by 306,000 to 6.1 million.

### **Energy Extends YTD Gains**

Eight of the 11 major S&P 500 sector groups posted negative returns last week, with Communication Services (-7.43%), Technology (-6.83%) and Consumer Discretionary (-5.77%) falling the most. Utilities (-0.49%) fell the least, while Energy (+2.41%), Materials (+0.86%) and Industrials (+0.45%) posted gains. Energy remains this year's star performer, now up 71.61% YTD.

### **Treasury Yields Rise**

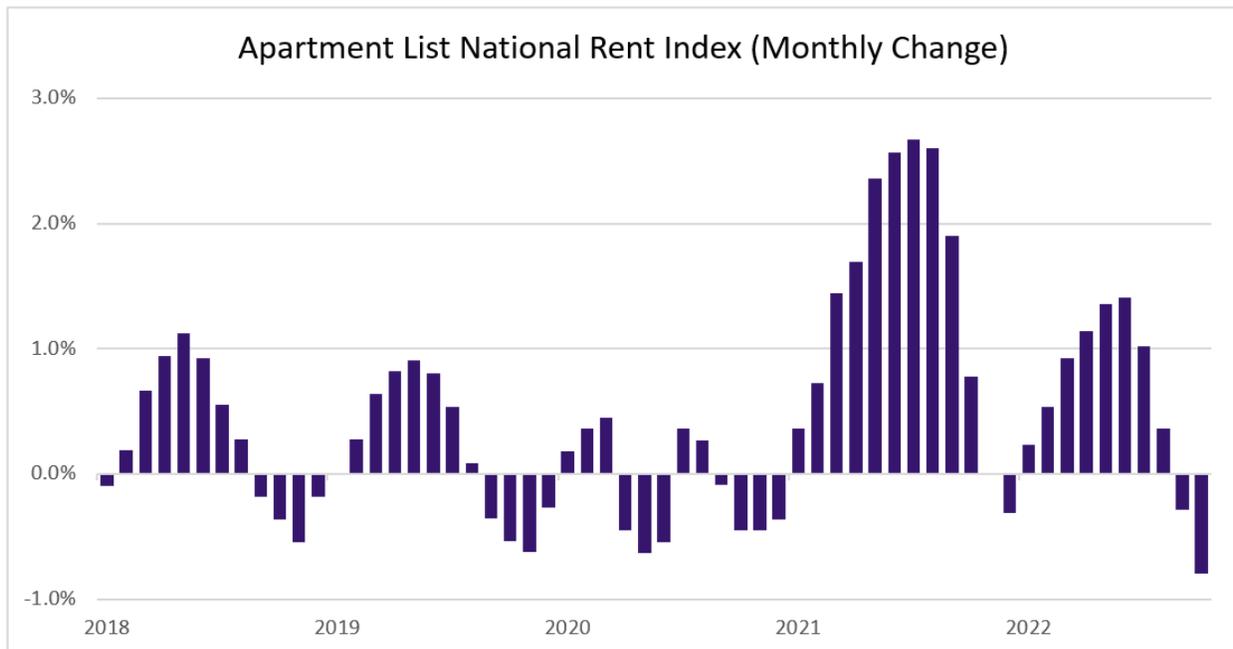
The yield on benchmark 10-year U.S. Treasury notes rebounded last week, climbing to 4.157% after falling to 4.02% the week prior. Yields on 2-year Treasuries yields advanced last week finishing Friday at a new 15-year high of 4.883%, up from 4.490% the week prior.

## Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-1.40	-1.01	-0.99	-10.83	-10.31	5.67
S&P 500	-3.31	-2.59	-8.78	-19.83	-18.17	8.77
NASDAQ Composite	-5.62	-4.63	-17.46	-32.60	-33.78	8.36
Russell 3000	-3.33	-2.68	-8.71	-20.63	-20.22	8.28
Russell 2000	-2.53	-2.52	-5.24	-18.95	-24.10	5.36
MSCI EAFE	1.24	1.17	-8.19	-22.27	-23.34	-1.25
MSCI Emerging Markets	4.68	4.36	-10.48	-26.34	-28.26	-3.74
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-0.78	-0.37	-8.59	-16.02	-16.19	-3.76
Bloomberg Municipal Bonds	0.42	0.33	-6.63	-12.58	-11.95	-2.06
Bloomberg US Corp High Yield	-1.23	-0.81	-5.35	-13.24	-12.69	-0.08
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	5.22	3.70	0.35	20.12	16.16	14.15
S&P GSCI Crude Oil	5.36	7.03	4.60	23.14	17.52	17.87
S&P GSCI Gold	1.93	2.19	-7.21	-8.31	-6.52	3.52

Source: Morningstar

## Chart of the Week: Rent Relief



Source: Cetera Investment Management, Apartment List Rent Estimates. Data as of 10/31/2022.

Asking rents declined for the second straight month. According to *ApartmentList*, rent prices fell 0.7% in October. It was the steepest monthly decline in their index history (since 2017). Rents are still up 5.7% year-over-year, but the annual pace has slowed from 18.1% Y/Y in 2021. This data is a leading indicator for rent inflation in the Consumer Price Index (CPI).

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](https://twitter.com/CeteraIM) on Twitter.

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### ***Glossary***

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.