



November 11, 2022

### Weekly Recap

The week's major news items were the midterm elections and October consumer price index (CPI) data. The CPI came in lower than expected at 7.7% year-over-year with a monthly CPI reading of 0.4%. Confirmation of inflation peaking resulted in the equity market's best day since April 2020. Treasury yields spiked lower with the two-year U.S. Treasury down 39 basis points (bps) from a week ago. Yields fell across the curve, and the yield curve remains inverted by 50 bps from the two-year to ten-year tenors. Lower bond yields lifted beaten-down growth names allowing the NASDAQ to outperform. Communication services, technology and consumer discretionary stocks led the market advance as these sectors recouped some of their underperformance for the year. Defensive sectors such as consumer staples and healthcare lagged. In corporate news, several technology bellwethers announced significant layoffs in anticipation of economic weakness ahead. University of Michigan consumer sentiment came in at 54.7 vs. the prior reading of 59.9. Regarding the election, it appears that congress will remain broadly divided with the GOP retaking control of the house, while control of the senate may come down to Georgia's runoff next month.

### Key Thought for The Week

Although there has been anecdotal evidence of peaking inflation, financial markets received tangible evidence of moderation in the inflation rate this week. The Labor Department reported that the consumer price index (CPI) increased in October at the lowest year-over-year rate since January. The 7.7% increase is a significant downshift from June's 9.1% inflation rate, which was the highest in four decades. The better inflation data will likely allow ample justification for the Federal Reserve to slow the pace and magnitude of future rate increases. Both equity and fixed-income markets enthusiastically cheered evidence of peaking inflation, but the bottom line is that inflation remains too high, and monetary policy will remain constrictive for the foreseeable future. Until the labor market cools substantially and pressure on wage rates declines, the Federal Reserve will remain focused on driving inflation toward its long-term target.

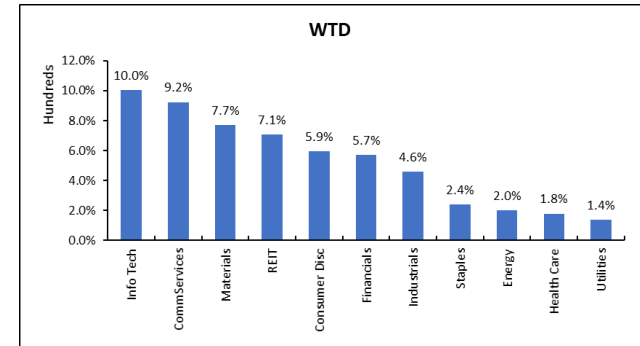
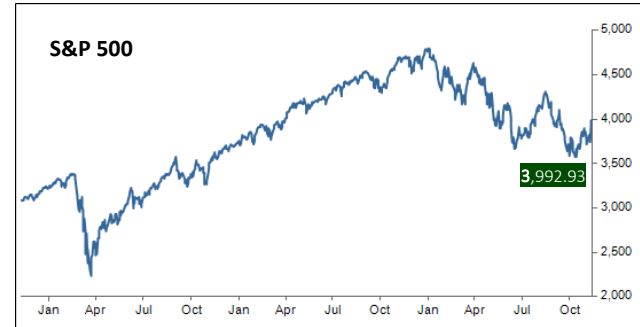
11/11/2022		Wk	Wk		YTD	12 Mos
	Close	Net	%	Div	Change	%
		Change	Change	Yield		Change
<b>STOCKS</b>						
DJIA	33,747.86	1,344.64	4.15	2.00	-7.13	-6.05
S&P 500	3,992.93	222.38	5.90	1.67	-16.22	-14.12
NASDAQ	11,323.33	848.08	8.10	0.91	-27.62	-27.90
S&P MidCap 400	2,532.12	126.38	5.25	1.73	-10.90	-12.48
EAFE	1,871.56	101.23	5.72	3.34	-19.88	-20.52
Emerging Market	889.60	4.63	0.52	3.44	-27.79	-30.58
<b>TREASURIES</b>	Yield		<b>FOREX</b>	Price	Change	
2-Year	4.33		USD/EUR	1.04	4.00	
5-Year	3.94		JPY/USD	138.75	5.67	
10-Year	3.81		USD/GBP	1.18	1.04	
30-Year	4.02		CAD/USD	0.00	1.70	

Source: FactSet/Bloomberg

### Sector - Large Cap

	Close	Wk	WTD	MTD	QTD	YTD
		Net				
		Change				
<b>Defensive</b>						
Staples	765.85	17.84	2.4%	1.1%	10.1%	(4.8%)
Health Care	1,550.40	27.11	1.8%	0.2%	9.9%	(5.7%)
CommServices	166.45	14.07	9.2%	2.8%	2.7%	(37.8%)
<b>Eco Sensitive</b>						
Consumer Disc	1,130.23	63.27	5.9%	0.5%	0.7%	(29.8%)
Energy	716.02	14.03	2.0%	3.8%	29.6%	69.4%
Industrials	840.90	36.98	4.6%	5.4%	20.0%	(6.0%)
Info Tech	2,327.40	212.23	10.0%	3.8%	11.9%	(23.8%)
Materials	510.85	36.50	7.7%	9.6%	19.4%	(10.3%)
<b>Interest Rate Sensitive</b>						
Financials	595.51	32.22	5.7%	5.6%	18.1%	(8.4%)
Utilities	345.24	4.73	1.4%	1.8%	3.8%	(5.1%)
REIT	242.70	16.03	7.1%	5.4%	7.4%	(25.3%)

COMING UP NEXT WEEK		Consensus	Prior
11/15 Empire State Index SA	(Nov)	-9.0	-9.1
11/15 PPI ex-Food & Energy SA M/M	(Oct)	0.40%	0.30%
11/15 PPI SA M/M	(Oct)	0.50%	0.40%
11/16 Retail Sales ex-Auto SA M/M	(Oct)	0.60%	0.10%
11/16 Retail Sales SA M/M	(Oct)	0.90%	0.0%
11/17 Housing Starts SAAR	(Oct)	1,425K	1,439K
11/17 Philadelphia Fed Index SA	(Nov)	-7.0	-8.7
11/18 Existing Home Sales SAAR	(Oct)	4,350K	4,710K
11/18 Leading Indicators SA M/M	(Oct)	-0.40%	-0.40%



### Russell Style Return

WTD	Value	Blend	Growth
Large	4.61%	6.10%	7.67%
Medium	5.55%	6.30%	7.70%
Small	4.40%	4.64%	4.88%

YTD	Value	Blend	Growth
Large	(5.82%)	(15.92%)	(24.72%)
Medium	(8.86%)	(13.84%)	(22.83%)
Small	(8.77%)	(15.20%)	(21.59%)

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