



Weekly Recap

Domestic equity and fixed income markets were choppy throughout the week, and ultimately stocks posted gains while rates moved lower. Early in the week, news out of China dominated headlines as Covid lockdown protests were widely blamed for the risk-off trade. Equity indexes were also dragged down by a report that Apple could see a production shortfall of roughly 5 million iPhone Pro units during the fourth quarter due to protests at a flagship factory in China. The risk-off trade on Monday and Tuesday reversed sharply after Fed Chair Powell's speech at the Brookings Institution on Wednesday. During his appearance, he confirmed that a slower pace of rate hikes could come as soon as December which alleviated concerns that Powell could repeat the tenor of his Jackson Hole speech by pushing back against the recent loosening of financial conditions driven by increased traction on the peak inflation narrative. The S&P 500 gained more than 3% on the day, and U.S. Treasuries rallied with the 2-year and 10-year yields declining roughly 12 and 10 basis points (bps), respectively. On Thursday, ISM Manufacturing data showed the U.S. manufacturing sector officially entered contraction territory in November for the first time since the depths of the COVID-19 pandemic. Stocks ended the day mixed while bonds rallied sharply with some curve flattening. Finally, on Friday, the November employment report was released (see additional details in writeup below) which initially sparked a selloff in equities, but stocks recovered most of their early losses as the S&P 500 finished the day down only 0.12%. Investors' recent risk-on sentiment has moved the CBOE Volatility Index (VIX) below 20, a level not seen since this past summer.

Key Thought for The Week

On Wednesday, the chairman of the Federal Reserve indicated in a speech that the central bank is on track to increase the federal funds rate by 50 basis points in its upcoming meeting on December 14. According to the Atlanta Fed's probability tracker, the Federal Reserve is expected to increase the federal funds rate by 50 basis points during the first quarter of next year as well, lifting the benchmark rate to a peak of between 4.75% to 5%. On Friday, the Bureau of Labor Statistics report indicated that unemployment remains very low (3.7%), more jobs were created than expected in November (263K), and wage growth remains very robust (5.1% yoy) - all signs of a very healthy labor market. Inflation has been moderating very slightly, but the strong labor market is helping to sustain inflation at stubbornly high levels. The Fed will continue to focus on the labor market as it deliberates its moves in the upcoming months.

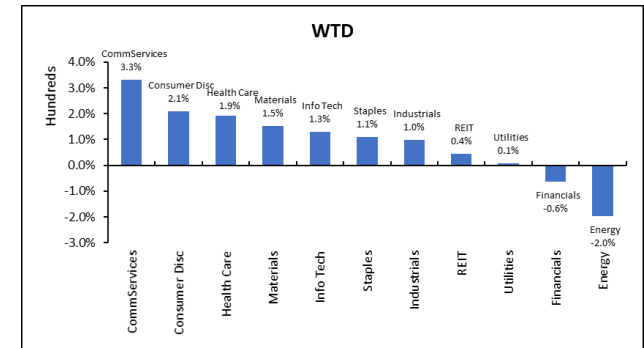
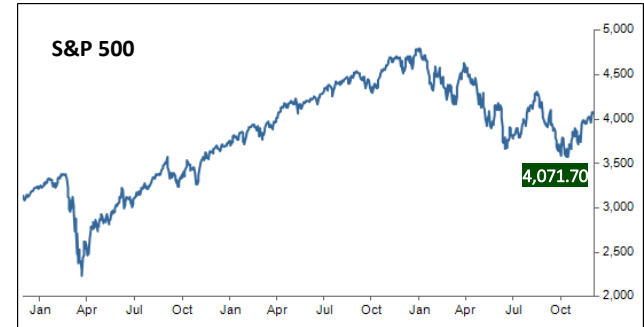
12/2/2022	Wk Net	Wk % Change	YTD % Change	12 Mos % Change
STOCKS	Close	Change	Change	Change
DJIA	34,429.88	82.85	0.24	-5.25
S&P 500	4,071.70	45.58	1.13	-14.57
NASDAQ	11,461.50	235.14	2.09	-26.74
S&P MidCap 400	2,574.01	14.45	0.56	-9.43
EAFE	1,995.94	33.00	1.68	-14.56
Emerging Market	978.30	37.30	3.96	-20.59
TREASURIES	Yield	FOREX	Price	Wk % Change
2-Year	4.27	USD/EUR	1.05	1.35
5-Year	3.65	JPY/USD	134.31	3.63
10-Year	3.49	USD/GBP	1.23	1.55
30-Year	3.55	CAD/USD	1.35	-0.65

Source: FactSet/Bloomberg

Sector - Large Cap

	Close	Wk Net Change	WTD	MTD	QTD	YTD
Defensive						
Staples	803.89	8.75	1.1%	(0.0%)	15.5%	(0.1%)
Health Care	1,626.18	30.55	1.9%	0.5%	15.2%	(1.1%)
CommServices	173.55	5.56	3.3%	0.4%	7.1%	(35.1%)
Eco Sensitive						
Consumer Disc	1,130.29	23.25	2.1%	(0.3%)	0.7%	(29.8%)
Energy	687.20	-13.80	(2.0%)	(1.0%)	24.4%	62.6%
Industrials	863.37	8.51	1.0%	0.6%	23.2%	(3.5%)
Info Tech	2,360.62	30.43	1.3%	(0.5%)	13.5%	(22.7%)
Materials	525.28	7.96	1.5%	1.1%	22.8%	(7.8%)
Interest Rate Sensitive						
Financials	595.56	-3.81	(0.6%)	(1.1%)	18.1%	(8.4%)
Utilities	358.89	0.22	0.1%	(0.7%)	7.9%	(1.3%)
REIT	244.03	1.05	0.4%	(0.7%)	8.0%	(24.9%)

COMING UP NEXT WEEK	Consensus	Prior
12/05 Markit PMI Services SA (Final)	(Nov) 46.5	46.1
12/05 Durable Orders SA M/M (Final)	(Oct) 1.0%	1.0%
12/05 Factory Orders SA M/M	(Oct) 0.70%	0.30%
12/05 ISM Services PMI SA	(Nov) 53.0	54.4
12/09 PPI ex-Food & Energy SA M/M	(Nov) 0.20%	0.0%
12/09 PPI SA M/M	(Nov) 0.25%	0.20%
12/09 PPI NSA Y/Y	(Nov) 7.3%	8.0%
12/09 Michigan Sentiment NSA (Preliminary)	(Dec) 57.5	56.8



Russell Style Return

WTD	Value	Blend	Growth
Large	0.77%	1.26%	1.76%
Medium	0.91%	1.32%	2.08%
Small	1.00%	1.32%	1.63%

YTD	Value	Blend	Growth
Large	(3.81%)	(14.26%)	(23.36%)
Medium	(7.34%)	(12.41%)	(21.57%)
Small	(8.40%)	(14.64%)	(20.87%)