# Weekly update
# Good news wasn't good enough
November 18, 2022

## The economy

- U.S. stocks recorded modest losses during the week ending November 18. Counterintuitively, investors had a negative reaction to upbeat economic news, which included stronger-than-expected retail sales and a drop in unemployment claims. Despite easing inflationary pressures, the favorable economic news suggested to investors that the Federal Reserve would not slow its pace of rate hikes. Still, concerns lingered that the Fed's aggressive approach to rate hikes could prompt a recession.
- The Census Bureau reported that U.S. retail sales rose by 1.3% and 8.3% in October and over the previous 12-month period, respectively. The upturn spurred investors' concerns that the data would dissuade the Federal Reserve from pivoting from its aggressive monetary policy tightening in the near-term. Sales for gasoline stations, food services, and non-store retailers saw double-digit year-over-year increases, while sales for electronics and appliance stores fell sharply over the same period.
- According to the U.S. Department of Labor, initial unemployment insurance claims decreased by 4,000 to 222,000 during the week ending November 12. The four-week moving average of initial claims increased by 2,000 to 221,000, but remained well below the 279,500 average for the same period a year earlier. The data indicates that the labor market remains tight, which could prompt the Fed to continue to raise short-term interest rates for a while longer in an effort to curb inflation.
- Meanwhile, the Fed's index of industrial production, which measures activity in manufacturing, mining, and electric and gas utilities, dipped 0.1% in October, but was up 3.3% for the previous 12-month period. Additionally, the Fed revised the index's gain in September downward from 0.4% to 0.1%. The slight decrease in industrial production in October was attributed to downturns in utilities and mining, which counterbalanced an increase in the production of business equipment.
- Freddie Mac reported that the average interest rate on a 30-year fixed-rate mortgage tumbled 0.47% to a two-month low of 6.61% during the seven-day period ending November 12 amid signs that inflation may be decelerating. Nonetheless, the average rate is up 3.50% for the year to date. While the decline may provide some prospective homebuyers with a modicum of relief, the 30-year rate remains at its highest level in 21 years, weighing on affordability.
- Despite the dip this week, the upswing in mortgage rates for the year to date has contributed to the slowdown in the U.S. housing market. The National Association of Realtors reported that sales of existing homes were down 5.9% in October-the ninth consecutive monthly decline-and plunged 28.4% over the previous 12-month period.
- According to the Census Bureau, new housing starts, another gauge of the health of the U.S. residential real estate market, decreased 4.2% in October and 8.8% versus the same period in 2021. The number of building permits issued decreased 2.4% in October and 10.1% year over year—which could be a harbinger of slowing construction activity going forward.

## Stocks

- Global equities closed lower for the week. Emerging markets fared better than developed markets.
- U.S. equities were in negative territory. Consumer staples and health care were the top performers, while consumer discretionary and energy lagged. Value stocks led growth stocks and large caps beat small caps.

## Bonds

- The 10-year Treasury bond yield increased to 3.82% during the week.
- Global bond markets were in positive territory this week.
- Global corporate bonds led, followed by global government bonds and high yield bonds.

| The Numbers as of November 18, 2022 | 1 Week | YTD | 1 Year | Friday's Close |
|---|---|---|---|---|
| **Global Equity Indexes** | | | | |
| MSCI ACWI ($) | -1.0% | -18.8% | -19.0% | 612.6 |
| MSCI EAFE ($) | -0.9% | -18.6% | -19.1% | 1901.6 |
| MSCI Emerging Mkts ($) | 0.7% | -23.5% | -26.0% | 942.4 |
| **US & Canadian Equities** | | | | |
| Dow Jones Industrials ($) | 0.0% | -7.1% | -5.9% | 33745.7 |
| S&P 500 ($) | -0.7% | -16.8% | -15.7% | 3965.5 |
| NASDAQ ($) | -1.6% | -28.8% | -30.3% | 11146.1 |
| S&P/ TSX Composite (C$) | -0.7% | -5.9% | -7.7% | 19976.1 |
| **UK & European Equities** | | | | |
| FTSE All-Share (£) | 0.5% | -3.6% | -2.3% | 4056.6 |
| MSCI Europe ex UK (€) | -0.8% | -13.9% | -14.4% | 1498.3 |
| **Asian Equities** | | | | |
| Topix (¥) | -0.5% | -1.3% | -3.4% | 1967.0 |
| Hong Kong Hang Seng ($) | 3.8% | -23.1% | -28.9% | 17992.5 |
| MSCI Asia Pac. Ex-Japan ($) | 1.5% | -21.6% | -24.0% | 493.9 |
| **Latin American Equities** | | | | |
| MSCI EMF Latin America ($) | -4.4% | 1.2% | 3.2% | 2154.4 |
| Mexican Bolsa (peso) | -0.8% | -3.3% | 1.4% | 51533.5 |
| Brazilian Bovespa (real) | -3.1% | 3.8% | 6.2% | 108799.3 |
| **Commodities ($)** | | | | |
| West Texas Intermediate Spot | -10.0% | 4.0% | 1.4% | 80.1 |
| Gold Spot Price | -0.7% | -4.1% | -5.9% | 1751.4 |
| **Global Bond Indices ($)** | | | | |
| Bloomberg Global Aggregate ($) | 0.4% | -17.3% | -17.3% | 440.2 |
| JPMorgan Emerging Mkt Bond | 1.7% | -18.5% | -18.3% | 749.6 |
| **10-Year Yield Change (basis points*)** | | | | |
| US Treasury | 1 | 231 | 224 | 3.82% |
| UK Gilt | -12 | 227 | 231 | 3.23% |
| German Bund | -15 | 219 | 229 | 2.01% |
| Japan Govt Bond | 1 | 18 | 17 | 0.25% |
| Canada Govt Bond | -2 | 170 | 143 | 3.12% |
| **Currency Returns**** | | | | |
| US$ per euro | -0.2% | -9.2% | -9.2% | 1.033 |
| Yen per US$ | 1.2% | 22.0% | 22.9% | 140.41 |
| US$ per £ | 0.4% | -12.2% | -11.9% | 1.188 |
| C$ per US$ | 0.8% | 5.9% | 6.2% | 1.338 |

**Source: Bloomberg. Equity-index returns are price only, others are total return. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.**

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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