Weekly update
Holiday mode

November 25, 2022

The economy

- U.S. equities posted gains during the week ending November 25 amid a slowdown in trading activity and improved investor optimism. Investors adopted a favorable outlook of the November minutes released by the U.S. Federal Open Market Committee (FOMC).
- The minutes of the meeting revealed that "a substantial majority of participants judged that a slowing in the pace of increase in the federal funds rate would likely soon be appropriate." The FOMC hiked its benchmark interest rate by 0.75% to a range of 3.75% to 4.00% following the meeting. Nonetheless, the 7.7% rise in the Consumer Price Index in October remained well-above the FOMC's long-term goal of 2% and the members "agreed that ongoing increases in the target range for the federal funds rate would be appropriate and would help keep longer-term inflation expectations well anchored."
- According to the U.S. Department of Labor, the number of initial unemployment insurance claims rose by 17,000 to 240,000 during the week ending November 19, and the previous week's total was revised upward by 1,000 to 223,000. The four-week moving average of initial claims increased 5,500 to 226,750, but remained below the 267,000 average for the same period a year earlier. Despite the upturn in initial unemployment insurance claims last week, the labor market remains tight, which provides the Fed with little incentive to end or significantly slow the pace of its monetary policy tightening in an effort to curb inflation.
- There was mixed news regarding the U.S. housing market during the week ending November 25. The Department of Commerce reported that sales of new single-family homes rose at an annualized rate of 632,000 in October—a 7.5% increase over the rate recorded in September. However, sales were down 5.8% versus the same period in 2021. New-home sales in the Northeast region climbed 46% year over year in October, while the Midwest saw a 34% decline.
- The recent dip in mortgage rates spurred an uptick in new loan applications last week. The Mortgage Bankers Association's Market Composite Index, a measure of mortgage loan application volume, rose 2.2% week over week for the seven-day period ending November 18. Refinancing activity was up 2% versus the previous week and comprised 28.4% of the total number of mortgage applications. However, refinancing activity fell 86% compared to the same period in 2021. The rise in mortgage rates this year has deterred many homeowners from refinancing their homes as they secured their current loans at significantly lower interest rates.
- The U.S. Census Bureau reported that new orders for durable goods rose 1.0% to $277.4 billion in October. Orders for transportation equipment led the upturn with a 2.1% gain to $97.8 billion during the month. Durable goods orders data provides a gauge of the current status of the supply chain and the level of confidence that businesses and consumers have in the U.S. economy.

Stocks

- Global equities closed higher for the week. Developed markets fared better than emerging markets.
- U.S. equities were in positive territory. Utilities and materials were the top performers, while energy and information technology lagged. Value stocks led growth stocks and large caps beat small caps.

Bonds

- The 10-year Treasury bond yield decreased to 3.68% 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 25, 2022	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	1.5%	-17.2%	-16.7%	625.2
MSCI EAFE ($)	2.1%	-16.0%	-14.9%	1962.9
MSCI Emerging Mkts ($)	-0.2%	-23.6%	-25.0%	941.0
US & Canadian Equities				
Dow Jones Industrials ($)	1.8%	-5.5%	-4.1%	34347.0
S&P 500 ($)	1.5%	-15.5%	-14.4%	4026.1
NASDAQ ($)	0.7%	-28.2%	-29.1%	11226.4
S&P/ TSX Composite (C$)	2.0%	-4.0%	-5.7%	20383.8
UK & European Equities				
FTSE All-Share (£)	1.4%	-2.3%	-1.3%	4112.3
MSCI Europe ex UK (€)	1.3%	-11.9%	-10.9%	1532.9
Asian Equities				
Topix (¥)	2.6%	1.3%	-0.4%	2018.0
Hong Kong Hang Seng ($)	-2.3%	-24.9%	-29.0%	17573.6
MSCI Asia Pac. Ex-Japan ($)	0.1%	-21.5%	-23.1%	494.2
Latin American Equities				
MSCI EMF Latin America ($)	-0.7%	1.4%	2.1%	2159.6
Mexican Bolsa (peso)	0.2%	-3.0%	2.1%	51668.6
Brazilian Bovespa (real)	0.1%	4.0%	3.0%	108976.7
Commodities ($)				
West Texas Intermediate Spot	-2.8%	1.1%	-0.7%	77.8
Gold Spot Price	0.1%	-4.0%	-2.0%	1753.2
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.9%	-16.5%	-15.8%	444.8
JPMorgan Emerging Mkt Bond	1.5%	-17.4%	-16.4%	759.8
10-Year Yield Change (basis points*)				
US Treasury	-15	217	205	3.68%
UK Gilt	-12	215	215	3.12%
German Bund	-4	215	222	1.97%
Japan Govt Bond	1	18	17	0.25%
Canada Govt Bond	-19	151	117	2.93%
Currency Returns**				
US$ per euro	0.7%	-8.6%	-7.3%	1.040
Yen per US$	-0.8%	21.0%	20.7%	139.19
US$ per £	1.7%	-10.6%	-9.2%	1.209
C$ per US$	0.0%	5.9%	5.8%	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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