

# CAPITAL MARKETS REPORT - SEPTMEBER 19, 2022



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## Market Movers:

- Hotter than expected inflation data fueled bets on a “jumbo” hike by the Federal Reserve next week sending the S&P down and treasury yields up.
- Railroads and unions reached a tentative agreement to avert a strike that threatened to disrupt domestic coal deliveries.
- FedEx fell more than 20% after the shipper warned of a sharp drop in package deliveries and lower volumes.
- CPI MoM increased 0.1% from July while YoY CPI climbed to 8.3%, a slight deceleration but still more than the median estimate of 8.1%.
- Traders are now fully pricing in a rate increase of three-quarters of a point in this week’s Fed meeting, with some wagering for a full-point move.
- The news sunk the S&P 500, which fell more than 4%. The two-year treasury yield, the most sensitive tenor to policy changes, jumped as much as 22 bps, pushing it more than 30 bps above the 10-year rate and deepening an inversion, in what is generally a recession warning.
- Twitter shareholders have approved Elon Musk’s proposed \$44 billion buyout of the social media company, paving the way for a trial next month.
- Mortgage rates have been steadily climbing as they hit 6% this week for the first time in nearly 14 years.
- Data Thursday showed applications for U.S. unemployment insurance fell for a fifth straight week, suggesting demand for workers remains healthy.
- Retail sales indicated spending on goods is moderating. Other data showed factory production rose slightly, while total industrial production, including mining and utilities fell.

## Market Last Week

	9/9/22 Close	9/16/22 Close	Weekly Change
2 yr. Note	3.56%	3.87%	+31bp
5 yr. Note	3.44%	3.63%	+19bps
10 yr. Note	3.31%	3.45%	+14bps
30 yr. Bond	3.45%	3.52%	+7bps
1 Mo. LIBOR	2.77314	3.01386	+0.2407

## Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
9/19/21 10:00 AM	NAHB Housing Market Index	47	49
9/20/21 8:30 AM	Building Permits	1609k	1685k
9/20/21 8:30 AM	Housing Starts	1450k	1446k
9/21/21 7:00 AM	MBA Mortgage Applications	n/a	-1.2%
9/21/21 10:00 AM	Existing Home Sales	4.70m	4.81m
9/21/21 2:00 PM	FOMC Rate Deci- sion	3.25%	2.50%
9/22/21 8:30 AM	Initial Jobless Claims	217k	213k
9/22/21 8:30 AM	Continuing Claims	1415k	1403k
9/22/21 10:00 AM	Leading Index	-0.1%	-0.4%
9/23/21 9:45AM	S&P U.S. Manu- facturing PMI	51.0	51.5
9/23/21 9:45AM	S&P U.S. Services PMI	45.5	43.7
9/23/21 9:45AM	S&P U.S. Compo- site PMI	46.1	44.6

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