

CAPITAL MARKETS REPORT - OCTOBER 24, 2022



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Market Movers:

- UK Prime Minister, Liz Truss, resigned after only 44 days in office. Her massive package of tax cuts caused panic in the markets and forced her to unwind, regroup and ultimately, step down.
- Inner-week, the 10Y Note hit a 15-year high of 4.33% before retreating back to close the week at 4.22%

- Stocks actually had a positive week despite lack-luster corporate earnings reports. The S&P notched back to back gains to start the week followed by a strong Friday finish.
- Market jitters continued Thursday after Fed member Harker said the Fed is likely to raise rates to "well above" 4% this year and keep them at restrictive levels while the current benchmark sits between 3% - 3.25%. Meanwhile, futures are currently pricing in a 4.88% peak for the Fed rate in the first half of 2023.
- Sales of previously owned US homes (accounting for roughly 85% of all home sales) fell for an eighth straight month, underscoring how soaring mortgage rates are punishing the housing market. This is the longest period of declines of home sales since 2007. Housing starts also fell and were reported even lower than experts expected.
- US Initial Jobless Claims fell versus last month and were below expectations. St. Louis Fed President Bullard said the strong US labor market is a further sign that the Fed is on the right path in hiking.
- Treasury prices are starting the week on the upswing with the 10Y yield already down 7bps (4.15%) after weekend comments by the Fed's Daly that policymakers should start planning to reduce the size of future interest-rate hikes.

Market Last Week

	10/14/22 Close	10/21/22 Close	Weekly Change
2 yr. Note	4.50%	4.47%	-3 bps
5 yr. Note	4.27%	4.34%	+7 bps
10 yr. Note	4.02%	4.22%	+20 bps
30 yr. Bond	3.99%	4.33%	+34 bps
1 Mo. LIBOR	3.44300	3.58557	+0.1426

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
10/24/22 9:45 AM	S&P US Manufac- turing	51.0	52.0
10/25/22 9:00 AM	FHFA House Price Index MoM	-0.6%	-0.6%
10/25/22 10:00 AM	Consumer Confidence	106.0	108.0
10/26/22 7:00 AM	MBA Mortgage Applications	n/a	-4.5%
10/26/22 10:00 AM	New Home Sales	580k	685k
10/27/22 8:30 AM	GDP Annualized QoQ	2.3%	-0.6%
10/27/22 8:30 AM	Durable Good Orders	0.6%	-0.2%
10/27/22 8:30 AM	Initial Jobless Claims	220k	214k
10/27/22 8:30 AM	Continuing Claims	1390k	1385k
10/28/22 8:30 AM	Personal Income	0.4%	0.3%
10/28/22 8:30 AM	Personal Spending	0.4%	0.4%
10/28/22 10:00 AM	Univ. of Michigan Sentiment	59.7	59.8

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