

CAPITAL MARKETS REPORT - NOVEMBER 21, 2022



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Market Movers:

- October retail sales posted the biggest increase in eight months, outpacing estimates and indicating the economy can withstand the ongoing Fed tightening.
- US mortgage rates posted their biggest weekly decline since 1981. Freddie Mac's chief economist said there's still a long road ahead for the housing market.
- Fed Vice Chair Brainard buoyed sentiment after she said that it would be appropriate "soon" for the central bank to slow its pace of rate hikes. However, she also emphasized that the Fed had "additional work to do" to bring down inflation.
- US listed Chinese stocks extended their rally, after Pres. Biden and Xi Jinping called for reduced tensions between the world's two biggest economies.
- Fresh economic data Tuesday added to evidence that inflation may have peaked, strengthening the case for the Fed to moderate its pace of hikes.
- A softer than expected CPI combined with 8% PPI vs. 8.3% estimate have many thinking the Fed will raise rates in half-point increments going forward.
- The 10yr rose about 10bps to 3.76% as Fed Pres. Bullard said policy makers should increase rates to at least 5%-7% to battle inflation. The comments came a day after Fed Pres. Daly said a pause in rates was "off the table". The hawkish tone was echoed by Fed Pres. Kashkari as well.
- Weekly jobless claims came in below forecasted underscoring a strong labor market.
- Bond prices are rallying to start the week with the 10Y yield down to 3.77%. The "flight to safety" trade seems to be rooted in news that China is poised to reinstate Covid lockdowns after several newly reported deaths.
- Have a great Thanksgiving!

Market Last Week

	11/10/22 Close	11/18/22 Close	Weekly Change
2 yr. Note	4.33%	4.54%	+21 bps
5 yr. Note	3.94%	4.01%	+7 bps
10 yr. Note	3.82%	3.83%	+1 bps
30 yr. Bond	4.02%	3.93%	-9 bps
1 Mo. LIBOR	3.87314	3.95671	+0.0836

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
11/22/22 10:00 AM	Richmond Fed Manuf. Index	-8	-10
11/23/22 7:00 AM	MBA Mortgage Applications	n/a	2.7%
11/23/22 8:30 AM	Durable Goods Orders	0.4%	0.4%
11/23/22 8:30 AM	Durables Ex Transportation	0.0%	-0.5%
11/23/22 8:30 AM	Initial Jobless Claims	225k	222k
11/23/22 8:30 PM	Continuing Claims	1520k	1507k
11/23/22 9:45 AM	US Manufacturing PMI	50.0	50.4
11/23/22 9:45 AM	US Composite PMI	48.0	48.2
11/23/22 10:00 AM	University of Mich- igan Sentiment	55.0	54.7
11/23/22 10:00 AM	University of Mich- igan 1yr Inflation	5.1%	5.1%
11/23/22 10:00 AM	New Home Sales	570k	603k
11/23/22 10:00 AM	New Home Sales MoM	-5.5%	-10.9%

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