WEST SHORE BANK

WEEKLY RECAP - October 24, 2022

Economic & Market Commentary

Stock markets managed to stage a sharp rally last week. However, there is still much skepticism over the durability of the rally given stillelevated inflation, more data showing labor market resilience, and ongoing risks to earnings estimates. Longer-dated bond yields continued their march higher last week while the shorter-dated bonds held steady thanks to a WSJ article by Nick Timiraos last Friday, noting the Fed is set to hike rates by +0.75% at the Nov 2nd meeting, but officials could also be entertaining a +0.50% hike in December. As of this morning, the CBOE FedWatch Tool shows a 93.7% probability of a +0.75% rate hike on November 2nd and basically a 50% chance of either a +0.50% or +0.75% hike on December 14th. The December rate hike is largely going to be dependent on November labor and inflation readings due out on December 2nd and December 13th, respectively. To bring inflation under control, the Fed is seeking to bring demand and supply back into balance and data last week showed clear evidence of a weakening housing market. Rising mortgage rates have wreaked havoc within the housing space. Home builder optimism dropped to 38, its lowest level since May 2020. At the beginning of the year, this measure stood at a whopping 83. Existing home sales in September sagged for the eighth straight month to an annually adjusted rate of 4.71 million. Sales slipped -1.5% from August and -23.8% from the same period one-year ago. Housing inventory remains scarce with only 1.25 million units available, which NAR Chief Economist Lawrence Yun states, "is in sharp contrast with the previous major market downturn from 2008 to 2010, when inventory levels were four times higher than they are today." This scarcity has helped to keep home prices from falling sharply. Monthly home prices have declined sequentially but with an average price of \$384,000 are still +8.4% higher from the previous year's price of \$355,000. Expect home prices to continue their trend lower.

1-Yr

Index Total Returns - October 21, 2022				
	1-Wk	YTE		
Dow Jones	4 93	-13 (

Dow Jones	4.93	-13.04	-10.89
S&P 400	2.99	-17.60	-15.93
S&P 500	4.75	-20.25	-16.23
Russell 2000	3.57	-21.58	-23.12
MSCI-Developed	0.55	-26.28	-25.91
MSCI-Emerging	0.21	-28.03	-31.19
NASDAQ	5.22	-30.16	-28.09
Barclay's U.S. Bond Index			
5-year Muni	-0.54	-8.10	-7.82
Int. Gov. Credit	-0.25	-10.57	-10.39
Municipal	-1.20	-12.44	-11.47
High Yield	0.28	-14.25	-13.52



-1.07	-10.74	-10.11				©FactSet Research Systems
			S&P 500 Sector Total Returns - October 21, 2022			
Latest	Week	1-Year	Sector	1-Wk	YTD	1-Yr
Close	Ago	Ago	Energy	8.08	63.02	59.97
4.60	4.29	0.11	Consumer Staples	2.28	-8.84	0.27
4.51	4.50	0.43	Health Care	2.30	-9.11	-1.99
4.52	4.49	0.77	Utilities	1.95	-9.59	-2.54
4.36	4.27	1.21	Industrials	4.68	-15.10	-13.65
4.22	4.01	1.68	Financials	3.93	-16.38	-18.12
4.30	3.97	2.13	Materials	6.15	-18.85	-13.00
nberg/Barclay	s Index		Info Tech	6.49	-28.16	-21.23
Latest	Week	1-Year	Consumer Discretionary	5.66	-29.74	-26.19
Close	Ago	Ago	Real Estate	2.79	-31.47	-24.39
3.79	3.62	1.06	Communication Services	5.03	-36.09	-38.04
3.95	3.77	1.11		P/E	P/E NTM	Dividend
4.51	4.31	1.36	Index Characteristics	NTM	10yr-Avg.	Yield
5.03	4.82	1.65	S&P 500 - Large Cap	16.09	17.31	1.67
4.13	3.94	1.21	S&P 400 - Mid Cap	11.79	15.53	1.55
4.22	4.04	1.31	S&P 600 - Small Cap	11.15	16.33	1.56
	Latest Close 4.60 4.51 4.52 4.36 4.22 4.30 berg/Barclay Latest Close 3.79 3.95 4.51 5.03 4.13	Latest Week Close Ago 4.60 4.29 4.51 4.50 4.52 4.49 4.36 4.27 4.22 4.01 4.30 3.97 berg/Barclays Index Close Ago 3.79 3.62 3.95 3.77 4.51 4.31 5.03 4.82 4.13 3.94	Latest Week 1-Year Close Ago Ago 4.60 4.29 0.11 4.51 4.50 0.43 4.52 4.49 0.77 4.36 4.27 1.21 4.22 4.01 1.68 4.30 3.97 2.13 berg/Barclays Index Ago Glose Ago Ago 3.95 3.77 1.11 4.51 4.31 1.36 5.03 4.82 1.65 4.13 3.94 1.21	S&P 500 Sector Total RetuLatestWeek1-YearSectorCloseAgoAgoEnergy4.604.290.11Consumer Staples4.514.500.43Health Care4.524.490.77Utilities4.364.271.21Industrials4.224.011.68Financials4.303.972.13Materialsberg/Barclays IndexInfo TechLatestWeek1-Year3.793.621.063.953.771.114.514.311.361.4311.36Index Characteristics5.034.821.65S&P 500 - Large Cap4.133.941.21S&P 400 - Mid Cap	S&P 500 Sector Total Returns - Octob Latest Week 1-Year Sector 1-Wk Close Ago Ago Energy 8.08 4.60 4.29 0.11 Consumer Staples 2.28 4.51 4.50 0.43 Health Care 2.30 4.52 4.49 0.77 Utilities 1.95 4.36 4.27 1.21 Industrials 4.68 4.22 4.01 1.68 Financials 3.93 4.30 3.97 2.13 Materials 6.15 nberg/Barclays Index Info Tech 6.49 6.49 Latest Week 1-Year Consumer Discretionary 5.66 Close Ago Ago Real Estate 2.79 3.79 3.62 1.06 Communication Services 5.03 3.95 3.77 1.11 P/E 1.451 4.31 1.36 Index Characteristics NTM 5.03 4.82 1.65 S&P 500 -	S&P 500 Sector Total Returns - October 21, 2022 Latest Week 1-Year Sector 1-Wk YTD Close Ago Ago Energy 8.08 63.02 4.60 4.29 0.11 Consumer Staples 2.28 -8.84 4.51 4.50 0.43 Health Care 2.30 -9.11 4.52 4.49 0.77 Utilities 1.95 -9.59 4.36 4.27 1.21 Industrials 4.68 -15.10 4.22 4.01 1.68 Financials 3.93 -16.38 4.30 3.97 2.13 Materials 6.15 -18.85 oberg/Barclays Index Info Tech 6.49 -28.16 Latest Week 1-Year Consumer Discretionary 5.66 -29.74 Glose Ago Ago Communication Services 5.03 -36.09 3.95 3.77 1.11 P/E P/E NTM 4.51 4.31 1.36 S

Sources: FactSet, CBOE, National Association of Realtors