WEST SHORE BANK

WEEKLY RECAP - November 28, 2022

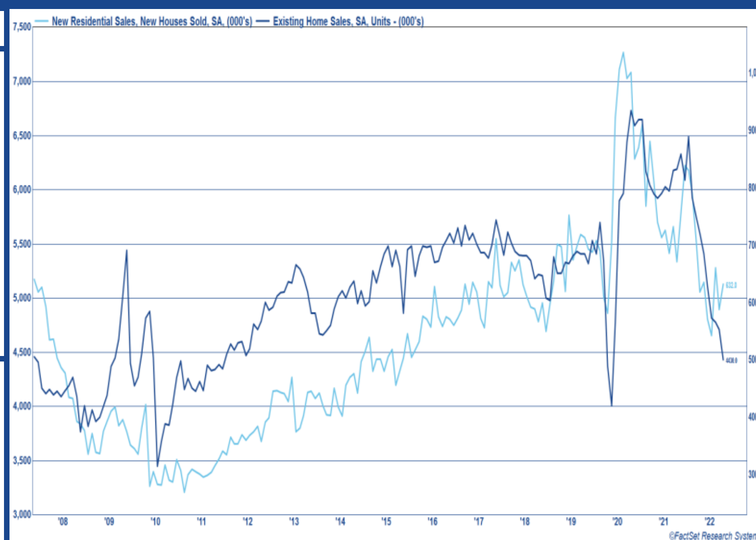
Economic & Market Commentary

Stock and bond markets finished higher in the trade-shortened holiday week. As usual there were a lot of moving parts driving markets last week, including Fed FOMC minutes as well as other economic data. As expected, the minutes from the FOMC's 1-2 November meeting reflect member discussions about next steps. There was a general acknowledgement that inflation risks remained skewed to the upside while risks to the economic outlook are weighted to the downside. However, also noted were tentative signs the labor market is coming into better balance and that observed inflation expectations remained well anchored. The University of Michigan's November Consumer Expectations survey released last Friday showed a drop in long-term inflation expectations. This is a good development and one that the Fed watches very closely. Also noted in the FOMC minutes was a high degree of uncertainty due to lagged effects of policy actions. In this climate, participants felt a slower pace of hikes would better allow them to assess progress in the fight against inflation, while several also argued overtightening could raise economic risks. Nevertheless, some said the ultimate level of rates may be higher than first thought. In general, the minutes contained little surprising, especially as recent Fed speak has maintained a tight focus on a coming step-down in hikes and a higher-for-longer approach to tamp down inflation. The markets viewed these minutes as less hawkish which sent stocks higher and longer-dated bond yields lower. The 10yr Treasury fell below 3.70% last Friday and is down sharply from its recent peak of 4.23% in late October. The Fed is trying to lower overall demand, but consumers and businesses remain resilient. Last week October durable goods came in higher than expected as did new home sales, which is surprising given the sharp rise in mortgage rates. However, cracks in demand and in the labor market are forming, and it will take time for rate increases to work their way through the economy. Last September, the Fed indicated they would be aggressive, raising rates into the end of the year, move into wait and see mode in 2023 and then adjust accordingly. It appears this is still the game plan.

Index Total Returns - November 25, 2022

	1-Wk	YTD	1-Yr
Dow Jones	1.80	-3.70	-2.08
S&P 400	1.96	-8.65	-9.39
MSCI-Developed	2.15	-13.69	-12.09
S&P 500	1.56	-14.29	-12.99
Russell 2000	1.07	-15.74	-18.73
MSCI-Emerging	-0.09	-21.57	-22.68
NASDAQ	0.73	-27.70	-28.58
Barclay's U.S. Bond Index			
5-year Muni	0.44	-6.12	-5.82
Int. Gov. Credit	0.49	-8.41	-7.96
Municipal	0.38	-9.32	-8.91
High Yield	1.05	-10.65	-9.25
Aggregate	1.05	-12.78	-12.19

Home Sales



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.79	4.76	0.22
U.S. 2-Yr	4.48	4.50	0.64
U.S. 3-Yr	4.22	4.28	0.96
U.S. 5-Yr	3.87	3.99	1.34
U.S. 10-Yr	3.69	3.81	1.64
U.S. 30-Yr	3.74	3.93	1.97

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.29	3.37	1.01
U.S. AA	3.45	3.52	1.07
U.S. A	4.05	4.12	1.31
U.S. Baa	4.62	4.69	1.58
U.S. Municipal	3.65	3.72	1.16
Michigan	3.77	3.82	1.28

S&P 500 Sector Total Returns - November 25, 2022

Sector	1-Wk	YTD	1-Yr
Energy	0.26	72.25	67.24
Utilities	3.13	1.37	7.83
Consumer Staples	2.11	1.02	7.52
Health Care	1.97	-1.47	5.24
Industrials	1.91	-3.00	-2.87
Financials	2.19	-6.12	-8.12
Materials	2.98	-7.61	-4.22
Real Estate	1.98	-23.29	-18.37
Info Tech	0.99	-23.02	-21.20
Consumer Discretionary	1.14	-30.77	-32.63
Communication Services	1.01	-36.64	-37.46

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	17.54	17.33	1.58
S&P 400 - Mid Cap	13.53	15.56	1.45
S&P 600 - Small Cap	12.81	16.23	1.48

Sources: FactSet