WEST SHORE BANK

WEEKLY RECAP - October 31, 2022

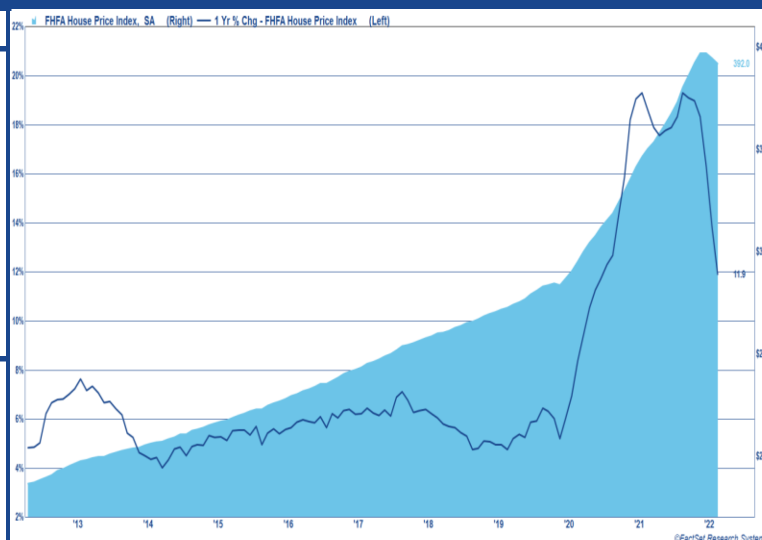
Economic & Market Commentary

Stock markets posted strong returns again last week and October is shaping up be to be one of its best in quite a long time. Despite weathering some blows this week in the form of multiple mega-cap earnings disappointments from Microsoft, Facebook, Google, and Amazon, the market remained resilient, capping the week with a notable Friday rally that drove the S&P back near the 3900 level for the first time in a month (though also begging the usual question of bear-market rally vs a move with traction). The market seemed to take some support from the idea the Fed could soon begin to slow the pace of tightening. This idea also made its way into the press, with some articles highlighting recent Fed speak about taking a break to allow for its evaluation of lagged policy impacts. A big focus of next week's 2-Nov FOMC decision is likely to be a search for any hints about easing off the rate hike throttle. Bond yields moved sharply lower on the intermediate and long parts of the yield curve as well. It also was a very busy week of Q3 earnings reports, with 52% of S&P constituents now having reported. The blended y/y earnings growth rate for the S&P 500 index now stands at 2.2%, a bit higher than the previous week but on track to be the lowest since Q320. Due to pricing power, the blended revenue growth rate is 9.3%, better than expected at the end of the quarter but still not strong enough to keep up with the pace of overall input costs. Corporate commentary has been cautious, flagging increased macro uncertainty, strong dollar pressures, lingering supply chain issues, inflation challenges, as well as some signs of continued consumer resilience. On the economic front, Q3 GDP surprised to the upside with help from solid consumer spending, while September durable-goods orders missed, and September pending-home sales registered a 10% monthly slide.

Index Total Returns - October 28, 2022

	1-Wk	YTD	1-Yr
Dow Jones	5.72	-8.06	-6.14
S&P 400	5.33	-13.21	-11.46
Russell 2000	6.02	-16.85	-18.56
S&P 500	3.97	-17.09	-13.80
MSCI-Developed	4.13	-23.23	-23.66
NASDAQ	2.25	-28.59	-27.58
MSCI-Emerging	-2.24	-29.64	-31.85
Barclay's U.S. Bond Index			
5-year Muni	-0.24	-8.32	-8.00
Int. Gov. Credit	0.83	-9.83	-9.84
High Yield	2.44	-12.16	-11.41
Municipal	-0.58	-12.95	-12.04
Aggregate	1.65	-15.36	-15.29

FHFA Home Price Index



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.60	4.60	0.13
U.S. 2-Yr	4.42	4.51	0.50
U.S. 3-Yr	4.41	4.52	0.76
U.S. 5-Yr	4.20	4.36	1.19
U.S. 10-Yr	4.02	4.22	1.56
U.S. 30-Yr	4.13	4.30	1.96

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.87	3.79	1.06
U.S. AA	4.04	3.95	1.11
U.S. A	4.61	4.51	1.36
U.S. Baa	5.14	5.03	1.66
U.S. Municipal	4.22	4.13	1.21
Michigan	4.33	4.22	1.31

S&P 500 Sector Total Returns - October 28, 2022

Sector	1-Wk	YTD	1-Yr
Energy	2.79	67.57	62.99
Consumer Staples	6.12	-3.26	5.39
Utilities	6.50	-3.71	3.19
Health Care	5.00	-4.57	1.84
Industrials	6.74	-9.38	-7.88
Financials	6.23	-11.17	-13.77
Materials	3.35	-16.13	-10.67
Info Tech	4.29	-25.08	-18.82
Real Estate	6.17	-27.24	-21.43
Consumer Discretionary	0.71	-29.24	-28.05
Communication Services	-2.85	-37.92	-39.13

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	16.93	17.31	1.62
S&P 400 - Mid Cap	12.53	15.53	1.48
S&P 600 - Small Cap	11.97	16.32	1.47

Sources: FactSet