

Equity Markets

The S&P 500 and the NASDAQ posted small weekly declines while the Dow was little changed, failing to maintain the strongly positive momentum from the previous week. Equities rallied Tuesday after a report showed the prices that suppliers charge goods producers rose at a slower pace in October than economists had forecast.

	<u>11/14 Open</u>	<u>11/18 Close</u>	<u>Change</u>
Dow Jones	33,748	33,746	Dn 0.1%
S&P 500	3,993	3,965	Dn 0.6%
NASDAQ	11,323	11,146	Dn 1.5%
KBW Bank Index	109.9	105.9	Dn 3.6%
VIX	22.5	23.1	Up 2.7%
Oil (WTI)	88.9	80.8	Dn 9.1%

The government's Producer Price Index was the second recent piece of positive news on inflation, coming after the previous week's better-than-expected report on the Consumer Price Index. But concerns about the pace of further U.S. interest-rate increases remained top of mind for many investors amid FOMC chatter and fresh data on inflation and retail sales.

Interest Rates/Bonds

Rates were relatively unchanged week over week. The 10-year U.S. Treasury increased one basis point to 3.83%. The largest move was the 2-year U.S. Treasury, rising from 4.32% to 4.53%.

Market indicators continue to point towards a looming recession. The benchmark 2- to 10-year Treasury dropped to -70 basis points and the 3-month Treasury is negative to the 10-year Treasury by forty-two basis points.

	<u>11/14 Open</u>	<u>11/18 Close</u>	<u>Change</u>
3mo UST	4.16%	4.23%	Up 7 bp
2yr UST	4.32%	4.53%	Up 21 bp
5yr UST	3.94%	4.01%	Up 7 bp
10yr UST	3.82%	3.83%	Up 1 bp
2-10yr UST Spread	-50 bp	-70 bp	Dn 20 bp
10yr Inflation Rate	2.41%	2.27%	Dn 14 bp

A private report that tracks shifts in the U.S. economic cycle showed a rising likelihood of a recession. The Conference Board Leading Economic Index for the United States fell for the eighth month in a row, with just three of its underlying ten economic components recording positive results in October.

Washington

Senate Majority Leader Chuck Schumer, D-N.Y., has said prospects are bright for cannabis banking legislation, but analysts are less sure the measure will be passed during the lame duck session of Congress. "We are getting close" to an agreement, Schumer said. "We may be able to get something done rather soon. I'm working with Republican and Democratic senators, to get something passed." Schumer said the compromise would add "justice" to the SAFE Banking Act, which would permit banks to lend to cannabis companies. One addition would be the ability to expunge some people's records of marijuana possession, he said.

FTX Trading Ltd. has stirred up a hornet's nest that might give legislators and regulators reason intensify scrutiny and regulation of cryptocurrency. Regulators are likely to question bank involvement with cryptocurrency companies and the potential risk they bring to the industry.

A series of recent fines and investigations aimed at the nation's largest banks by the CFPB is unlikely to slow down soon, according to attorneys and analysts. The CFPB has announced actions against Bank of America and Regions and has handed down millions of dollars in penalties. The agency is also engaged in "resolution discussions" with Wells Fargo to settle multiple investigations, the company disclosed Oct. 31. One day later, U.S. Bancorp disclosed that it is under investigation.

The NCUA liquidated West Virginia-based O.F. Toalston FCU and Mingo County Education FCU on Nov. 15. They had been placed into conservatorship due to "unsafe and unsound practices".

Economic Results 11/14 - 11/18

Oct. PPI: Wholesale prices rose 0.2% in October, less than the 0.4% expected, as inflation eases. YoY it rose by 8% vs the 8.4% in September.

Oct. Retail Sales: Retail sales surged by 1.3%, better than 1% expectation, in October as consumers continue to spend despite inflation.

Economic Week Ahead

Oct. Durable goods (Wed)

UofM Cons Sentiment (Wed)

Oct. New Home Sales (Wed)

Quote

"Success usually comes to those who are too busy to be looking for it."

— Henry David Thoreau

Contact

SSW Research Department

Chad McKeithen

P: (601) 605-1776

E: chad.mckeithen@ssw1776.com

www.ssw1776.com

The source for the information above is Bloomberg News unless otherwise noted.