



Weekly Market Commentary

THE WEEK IN REVIEW: Nov. 20 – 26

Fed minutes keep markets rallying

This will be a brief note, since last week was a short one. We hope everyone had a happy, safe, pleasant and relaxing Thanksgiving – the markets sure did. While people were on the move in one of the busiest travel seasons in recent memory, Wall Street was pretty quiet (in a good way). Volumes are typically thinner during these short trading weeks, and Thanksgiving week is notoriously the slowest of weeks, rivaled only by the week between Christmas and New Year's. At least Christmas week has the urgency of year-end hanging over it, plus it's the tail end of the holiday season and people are gearing up for a fresh start in the New Year.

Thanksgiving week doesn't have any of those constraints or concerns; instead, it has all the relaxed tendencies of a pair of oversized sweatpants. This holiday season comes on the heels of a brutal summer and fall, so any source of enthusiasm is welcomed. Last week's bright spot was the release of the [minutes from the latest Federal Reserve meeting](#). The minutes (already weeks old) showed that most Fed officials favored slowing rate increases sooner. Never mind that numerous officials have delivered hawkish and aggressive remarks regarding their commitment to fighting inflation since the last meeting.



So what was really driving markets week: the stale minutes or the most recent comments? It seems the holiday spirit and lack of higher-ups in the office allowed the elves to drive markets upward on thin volumes and little “new” news. Given the type of year we’ve had, it’s good they are happy elves focused on pushing markets upward, rather than nasty little gremlins who would choose to add to an already miserable year.

As we head into the holiday season, consumers will make or break the fourth quarter. [If Americans get out and spend](#), we may well continue to rally into year-end. If consumers falter (and there are [signs they may be nearing exhaustion](#)), we could have a challenging end to a year we would already like to forget.

Coming this week

- This week will open quietly with some housing data, including the Case-Shiller Home Price Index and FHFA House Price Index on Monday.
- The latest consumer confidence numbers will be released Tuesday.
- The real action this week starts Wednesday, with the ADP jobs report, the Job Openings and Labor Turnover Survey (JOLTS) and a restatement of third-quarter gross domestic product (GDP). We’re looking for fewer new jobs and for existing job openings to decrease, which is what the Fed is trying to do with its rate increases.
- Wednesday will also bring additional housing data via mortgage applications and pending home sales as well as reports on inventories. Mortgage markets have pretty much collapsed because rates have more than doubled since March, hovering around 7%. If we see inventories creep up, those may be further signs of an economic slowdown.
- Finally, Wednesday will be capped off with a speech from Federal Reserve Chairman Jerome Powell, whose remarks could move markets one way or the other.
- On Thursday, we’ll see personal spending numbers. Is the consumer showing signs of slowing down as we head into the holiday season?
- Finally, the big news to end the week will be the Bureau of Labor Statistics (BLS) employment situation, also scheduled for Thursday. The BLS [non-farm payroll number last month was +261,000](#), still too hot for the Fed. A decrease in this key reading and the slowing inflation readings we had earlier this month might be just enough for the Fed to slow down at its final meeting of the year in December.



Equities:	1 WK	YTD	1 YR	3 YRS	5 YRS
S&P 500	1.53%	-15.53%	-14.36%	8.71%	9.12%
NASDAQ	0.72%	-28.24%	-29.15%	9.15%	10.26%
DJIA	1.78%	-5.48%	-4.07%	6.96%	7.83%

Interest Rates:	11/25/2022	11/18/2022
UST 10 YR Government Bond Yield	3.69%	3.82%
Germany 10 YR	1.976%	2.017%
Japan 10 YR	0.255%	0.251%
30 YR Mortgage	6.85%	6.87%
Oil	\$76.55/ppb	\$80.02/ppb
Regular Gas	\$3.76/ppg	\$3.88/ppg

All data as of Nov. 25, 2022

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