

Equities

Last week saw U.S. stocks rise 1.13%, capping off a second consecutive strong month. Developed markets ex-U.S. and emerging markets outperformed the S&P 500 by 5.09% and 9.26%, respectively, last month, each the most since May 2009 as global yields fell and the dollar declined. Friday disrupted this risk-on narrative as another strong jobs report, which included above-consensus wage gains, sent stocks lower. The S&P 500 enters December – historically a strong month for equities - amid a 13% gain over the past 51 days, a rally that looks quite like the summer rebound that delivered returns of 17% over 61 days.

Fixed income

Yields fell halfway through the week as hopes for a Fed pivot were reignited by a weak ISM manufacturing report and a perceived less hawkish speech from Chair Powell. Despite rates climbing on Fri. on the strong jobs report, 10-year yields ended the down -19bps, driving more curve inversion. The Fed funds terminal rate fell to 4.92%, the lowest in two weeks, and markets cemented expectations for a 50bps hike in Dec. FOMC officials are now in their blackout period for policy communications until the Dec. 14th meeting.

Commodities

Crude oil prices rebounded last week and continue to move with heightened sensitivity to developments in China. COVID policy-linked protests, combined with Beijing's claim it would look to bolster vaccination in seniors, improved sentiment. OPEC+ met over the weekend and announced production levels would remain unchanged ahead of the implementation of Europe's sanctions on Russian oil.

Economic overview

Strong data reinforced the positive momentum still driving the U.S. economy. The 263,000 payroll gain in November was an upside surprise, with solid job gains in manufacturing, construction and leisure & hospitality sectors. More troubling to policymakers could be the 0.6% m/m jump in average hourly earnings, bringing annual wage gains up to 5.1% y/y, a level wholly inconsistent with their 2% inflation target. Personal income and spending data for October showed wages up 0.5% m/m, fueling a robust 0.5% increase in inflation-adjusted spending pace. Early reports from Black Friday also point to consumer strength, based on both foot traffic and online shopping.

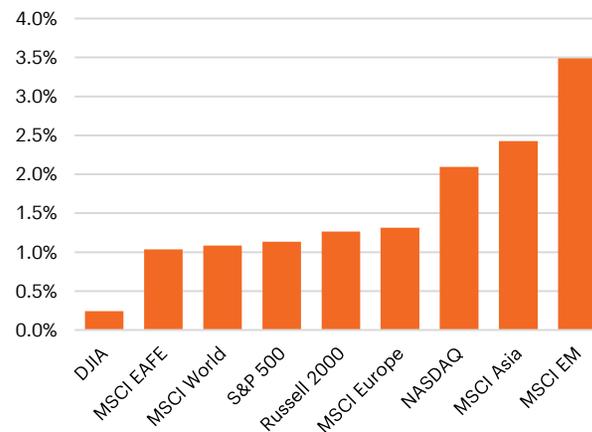
Equities (price index)		MTD	QTD	YTD	2021
S&P 500	4,071.70	-0.21%	13.56%	-14.57%	26.89%
DJIA	34,429.88	-0.46%	19.86%	-5.25%	18.73%
NASDAQ	11,461.50	-0.06%	8.38%	-26.74%	21.39%
Russell 2000	1,892.84	0.33%	13.70%	-15.70%	13.70%
MSCI World	2,733.03	0.45%	14.90%	-15.43%	20.14%
MSCI Europe	1,773.90	2.39%	21.93%	-15.26%	13.75%
MSCI EAFE	1,983.24	2.02%	19.37%	-15.10%	8.78%
MSCI Asia	157.88	0.95%	13.65%	-18.25%	-3.40%
MSCI EM	973.85	0.16%	11.20%	-20.95%	-4.59%
VIX	19.06	-1.52	-12.56	1.84	(5.53)

Fixed income (total return index)		MTD	QTD	YTD	2021
Barclays U.S. Agg	2,085.61	1.34%	3.71%	-11.44%	-1.54%
Inv. grade bonds	3,031.11	1.67%	5.83%	-13.98%	-1.04%
High yield bonds	2,220.00	0.92%	5.79%	-9.81%	5.28%
Leveraged Loans	3,285.63	0.14%	2.43%	-0.90%	5.20%

Alternatives (total return index)		MTD	QTD	YTD	2021
FTSE NAREIT	22,477.34	-0.57%	8.95%	-21.48%	41.30%
REIT Index					
GS Commodity Index	611.52	-1.54%	0.62%	8.97%	37.05%
Alerian MLP Index	1,558.09	-0.38%	15.09%	36.85%	40.17%
HFRX Global*	1,370.72	0.15%	0.37%	-4.20%	3.65%

*1-day lag

Last week's equity returns



Commodities		MTD	QTD	YTD	2021
WTI Crude	\$79.98	-0.71%	0.62%	6.34%	55.01%
Brent Crude	\$85.57	0.16%	-2.72%	10.02%	50.15%
Natural Gas	\$6.28	-9.37%	-7.17%	68.39%	46.91%
Gold	\$1,796	2.86%	8.03%	-1.79%	-3.51%

Currency

Dollar Index (DXY)	104.55	-1.33%	-6.75%	9.28%	6.37%
USDCNY	7.05	-0.55%	-0.88%	10.97%	-2.62%
Bitcoin	17,015	-0.53%	-12.41%	-63.28%	59.79%

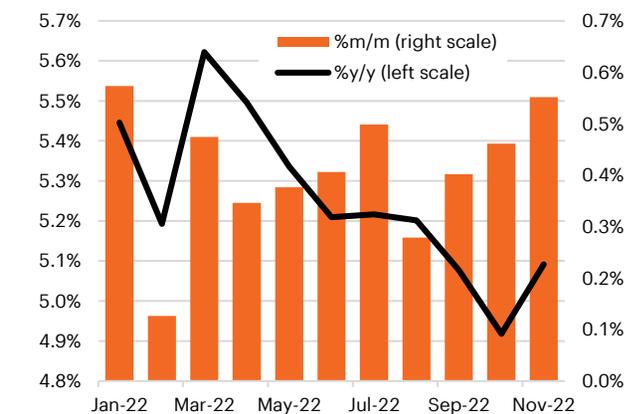
Spreads

Inv. grade bonds	130 bps	-3 bps	-29 bps	38 bps	-4 bps
High yield bonds	438 bps	-10 bps	-114 bps	155 bps	-77 bps
Leveraged loans	545 bps	-18 bps	-24 bps	134 bps	-32 bps
Emerging markets	354 bps	-6 bps	-51 bps	57 bps	16 bps

Interest rates

Fed Funds Target	3.875%	3.875%	3.125%	0.125%	0.125%
SOFR	3.82%	0 bps	84 bps	377 bps	-2 bps
3-month LIBOR*	4.77%	-1 bps	101 bps	456 bps	-3 bps
2-year Treasury	4.27%	-4 bps	-1 bps	354 bps	61 bps
10-year Treasury	3.49%	-12 bps	-34 bps	198 bps	60 bps
30-year Treasury	3.55%	-19 bps	-23 bps	164 bps	26 bps
Barclays U.S. Agg	4.39%	-17 bps	-36 bps	264 bps	63 bps
Inv. grade bonds	5.12%	-19 bps	-57 bps	279 bps	59 bps
High yield bonds	8.38%	-25 bps	-130 bps	417 bps	3 bps

Average hourly earnings



Source: Bureau of Labor Statistics, as of 12/2/2022.

Equities

S&P 500: Leading single benchmark of large-cap U.S. equities, representing approximately 500 of the largest U.S. companies. **Dow Jones Industrial Average:** Price-weighted measure of 30 U.S. blue-chip companies. **NASDAQ:** Stock market index of stocks listed on the NASDAQ. Index is heavily weighted toward technology companies. **Russell 2000:** Index measuring performance of approximately 2,000 small-cap U.S. equities. **MSCI World Index:** Broad global equity benchmark including both developed and emerging markets. **MSCI Europe Index:** Equity benchmark that measures the performance of large and mid-cap equities across 15 developed countries in Europe. **MSCI EAFE Index:** Equity benchmark that represents the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East. **MSCI Asia Index:** Equity benchmark that captures large and mid-cap representation across developed market countries and emerging market countries in Asia. **MSCI Emerging Markets Index:** Equity benchmark representing 24 developing or emerging market countries, representing 10% of world market cap. For more info on these MSCI indices, visit MSCI.com. **CBOE Volatility Index (VIX):** Key measure of market expectations of near-term volatility conveyed by S&P 500 stock option price.

Credit

Bloomberg Barclays U.S. Aggregate Bond Index: Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment-grade, fixed-rate bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market.

Alternatives

FTSE NAREIT All Equity REITs Index: Free-float adjusted market cap-weighted index that includes all tax-qualified REITs listed in the NYSE, AMEX, and NASDAQ. **S&P GSCI:** First major investable commodity index. It is one of the most widely recognized benchmarks that is broad-based and production-weighted to represent the global commodity market beta. **Alerian MLP Index:** Leading gauge of energy MLPs, representing about 85% of total industry market cap. **HFRX Global Hedge Fund Index:** Index designed to be representative of the overall composition of the hedge fund universe, comprised of all eligible hedge fund strategies.

Commodities

Generic 1st Crude Oil (WTI Crude): Front-month West Texas Intermediate Crude Oil futures. **Generic 1st Brent Crude Oil (Brent Crude):** Front-month Brent Crude futures. **Generic 1st Natural Gas:** Front-month natural gas futures. **Generic 1st Gold, 100 oz:** Front-month gold (100 oz) futures.

Currency

Dollar Spot Index: Indicates the general international value of the USD by averaging the exchange rates between the USD and major world currencies. **USDCNY:** price of 1 USD in CNY (the Chinese renminbi, or yuan). **Bitcoin:** price of 1 Bitcoin in USD.

Spreads

Bloomberg Barclays U.S. Corporate Index: Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **Bloomberg S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market. **Barclays EM USD Aggregate Index:** Flagship hard currency emerging market debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign and corporate EM issuers.

Interest rates

Fed funds target: Target rate for the federal funds policy rate, set by the Federal Reserve each meeting. This rate is an “overnight rate,” i.e., it is the rate charged by depository institutions (banks) to each other for overnight loans. **SOFR:** Secured Overnight Financing Rate (SOFR) measures the cost of borrowing cash overnight collateralized by Treasuries. **ICE 3-Month London Interbank Offered Rate (LIBOR):** Average interest rate at which leading banks borrow funds of a sizable amount from other banks in the London market. LIBOR is the most widely used “benchmark” or reference rate for short-term interest rates. **Treasury rates:** Market yields for U.S. Treasury securities with maturities of 2, 10 and 30 years. **Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market.

Sources: Bureau of Labor Statistics (BLS), Department of Labor, Bureau of Economic Analysis (BEA), International Monetary Fund (IMF), OECD, Federal Reserve, Institute for Supply Management (ISM), Mortgage Bankers Association (MBA), U.S. Census Bureau, Standard & Poor's, Bank of America Merrill Lynch, Bloomberg, Macrobond.

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