



Equities

U.S. stocks declined for a fifth consecutive week as yields continued to shoot upward. The S&P 500 fell -0.21% while the tech-centric Nasdaq 100 shed -1.54%, placing it 24% below its high. The carnage in high beta growth stocks has been profound, with the quintile of most volatile technology stocks down more than 50% in the past six months. The current drawdown in the S&P 500 is the only since the GFC to also include rising yields, a conundrum for the assumptions underpinning portfolio construction. Stocks in Europe underperformed and declined -4.08%, their worst week in two months, while markets in China gave up the prior week's gains.

Fixed income

The 10-year Treasury yield punched decisively through the 3.00% threshold on Thursday for the first time since late 2018 and didn't look back, ending the week at 3.13%. The move was driven by rising real rates, which swung into positive territory with the 10-year TIPS yield ending at 27 bps. On Wednesday, the FOMC raised rates 50bps, as expected, and Powell's comments suggested more half point moves to come. Markets now expect a 50bps rate in both June and July.

Commodities

Crude prices rebounded, touching \$110/bbl for the first time since late March as Europe moves toward banning Russian oil imports and the U.S. looks to refill its reserves. OPEC+ stuck to script by raising output another 400k barrels, essentially ignoring the Russia disruption. Many smaller OPEC nations are unable to significantly increase supply after years of underinvestment. U.S. gas soared to a 14-year high on fears of a supply/demand imbalance.

Economic overview

The economy added 428,000 jobs in April and the unemployment rate held steady at 3.6% in a report that showed labor market strength remains unflappable with broad-based gains across goods and services. Average hourly earnings rose 0.3% and wages are now up 5.5% y/y. One surprise was the dip in the participation rate to 62.2% and a tick up to 62.5% had been expected. April's ISM manufacturing reading was 55.4 (versus consensus 57.6), but still well in expansion territory. The ISM services index was 57.1 in April vs 58.3 in March.

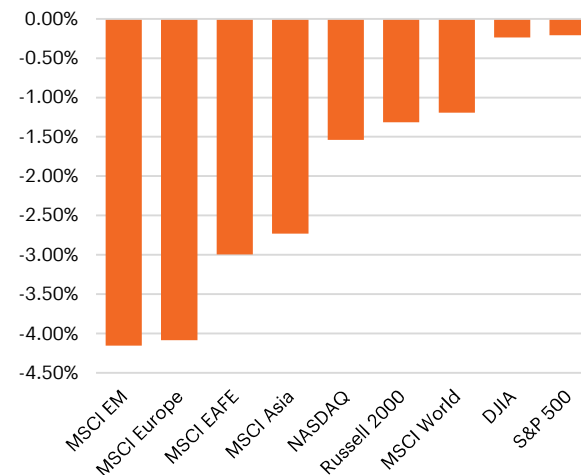
Equities (price index)		MTD	QTD	YTD	2021
S&P 500	4,123.34	-0.21%	-8.99%	-13.49%	26.89%
DJIA	32,899.37	-0.24%	-5.13%	-9.46%	18.73%
NASDAQ	12,144.66	-1.54%	-14.60%	-22.37%	21.39%
Russell 2000	1,839.57	-1.32%	-11.14%	-18.07%	13.70%
MSCI World	2,762.21	-1.20%	-9.53%	-14.53%	20.14%
MSCI Europe	1,733.79	-4.08%	-10.04%	-17.17%	13.75%
MSCI EAFE	1,972.82	-2.99%	-9.57%	-15.55%	8.78%
MSCI Asia	164.19	-2.73%	-9.01%	-14.98%	-3.40%
MSCI EM	1,031.50	-4.15%	-9.66%	-16.28%	-4.59%
VIX	30.19	-3.21	9.63	12.97	-5.53

Fixed income (total return index)		MTD	QTD	YTD	2021
Barclays U.S. Agg	2,107.59	-1.11%	-4.87%	-10.51%	-1.54%
Inv. grade bonds	3,034.20	-1.32%	-6.72%	-13.89%	-1.04%
High yield bonds	2,232.26	-1.19%	-4.70%	-9.31%	5.28%
Leveraged Loans	3,299.48	-0.60%	-0.38%	-0.48%	5.20%

Alternatives (total return index)		MTD	QTD	YTD	2021
FTSE NAREIT					
REIT Index	25,142.09	-3.77%	-7.29%	-12.17%	41.30%
GS Commodity Index	769.37	1.67%	6.24%	37.10%	37.05%
Alerian MLP Index	1,415.40	4.72%	4.63%	24.31%	40.17%
HFRX Global*	1,395.35	-0.25%	-1.15%	-2.48%	3.65%

*1-day lag

Last week's equity returns



Commodities		MTD	QTD	YTD	2021
WTI Crude	\$109.77	4.85%	9.46%	45.95%	55.01%
Brent Crude	\$112.39	2.79%	4.15%	44.50%	50.15%
Natural Gas	\$8.04	11.03%	42.56%	115.63%	46.91%
Gold	\$1,883	-1.51%	-3.41%	2.96%	-3.51%

Currency

		MTD	QTD	YTD	2021
Dollar Index (DXY)	103.66	0.68%	5.44%	8.35%	6.37%
USDCNY	6.67	0.88%	5.15%	4.89%	-2.62%
Bitcoin	36,077	-5.89%	-21.17%	-22.14%	59.79%

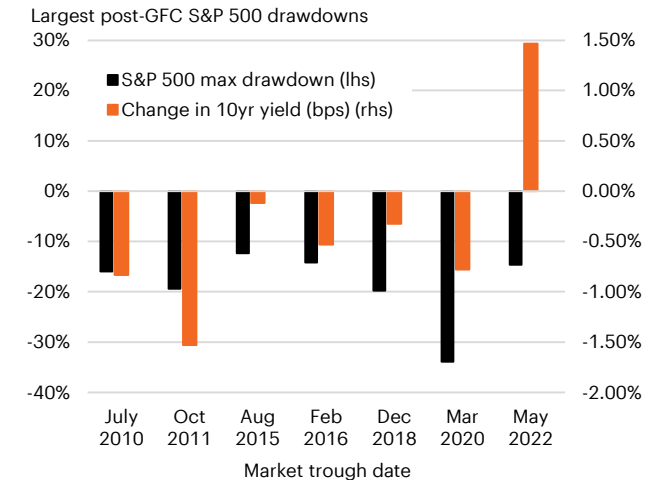
Spreads

		MTD	QTD	YTD	2021
Inv. grade bonds	134 bps	-1 bps	18 bps	42 bps	-4 bps
High yield bonds	402 bps	23 bps	77 bps	119 bps	-77 bps
Leveraged loans	424 bps	8 bps	-6 bps	13 bps	-32 bps
Emerging markets	343 bps	5 bps	23 bps	46 bps	16 bps

Interest rates

		MTD	QTD	YTD	2021
Fed Funds Target	0.875%	0.875%	0.875%	0.875%	0.125%
SOFR	0.79%	51 bps	50 bps	74 bps	-2 bps
3-month LIBOR*	1.37%	4 bps	41 bps	116 bps	-3 bps
2-year Treasury	2.73%	2 bps	40 bps	200 bps	61 bps
10-year Treasury	3.13%	19 bps	79 bps	162 bps	60 bps
30-year Treasury	3.23%	23 bps	78 bps	132 bps	26 bps
Barclays U.S. Agg	3.62%	14 bps	70 bps	186 bps	63 bps
Inv. grade bonds	4.46%	15 bps	86 bps	213 bps	59 bps
High yield bonds	7.29%	31 bps	128 bps	308 bps	3 bps

One of these is not like the others



Source: Bloomberg Finance, L.P., as of 10:00am on 5/6/22.

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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