



**Equities**

The S&P 500 rose 2.24% last week, with most of the gains coming on Tuesday following a benign CPI report. Soft-landing sentiment lifted an eclectic collection of stocks: cyclicals like banks and transports, rate-sensitive defensives such as REITs and utilities, and of course the Magnificent 7. As our chart illustrates, the correlation between mega-cap tech stocks and rates has only tightened since mid-year, with significant ramifications for the stock-bond relationship. Small-cap stocks surged, as well, with the Russell 2000 posting its second +5% day since 2020 on Tuesday. Global equities outperformed as the U.S. dollar weakened but remain laggards YTD.

**Fixed income**

The across-the-board rally was sparked by muted gains in the CPI data on Tuesday, and markets are now embedding 100bps of rate cuts into the Fed funds future curve for 2024. The 10-year yield plunged over 15bps in the wake of the data to 4.45% and tested lower several times throughout the week. The 2-year yield fell more, down -18 bps to 4.89%, reflecting the market's conviction of dovish monetary policy. The Barclays Agg rose 1.37% last week and is back in positive territory (barely) year-to-date.

**Commodities**

Crude oil prices fell for a fourth straight week as the supply-constrained market that many expected to emerge has not materialized. While Saudi Arabia has cut 2mmbpd (-18%) from their production over the past year, the rest of OPEC has been flat while the U.S. has increased supply. This sets up an interesting backdrop for the OPEC+ meeting this coming weekend, where the Saudis will surely attempt to support prices (whether through actions, or simply words, is uncertain).

**Economic overview**

Consumer price inflation slowed more than expected in October, as lower prices for energy, autos, and airfares helped to deliver a deceleration to 3.2% y/y from 3.7%. Core CPI rose 0.2% m/m, or 4.0% y/y, also lower than expected, as owners' equivalent rent rose 0.4% m/m, a relatively tame outcome. Retail sales in October were broadly in line with expectations, although the headline missed due to lower gasoline prices. Consumption appears to be normalizing after the strong - and arguably unsustainable - pace of Q3. Finally, initial jobless claims are creeping higher to 231,000.

Equities (price index)		MTD	QTD	YTD	2022
S&P 500	4,514.02	7.64%	5.27%	17.57%	-19.44%
DJIA	34,947.28	5.73%	4.30%	5.43%	-8.78%
NASDAQ	14,125.48	9.92%	6.85%	34.96%	-33.10%
Russell 2000	1,797.77	8.15%	0.71%	2.07%	-21.56%
MSCI World	2,985.19	7.82%	4.62%	14.70%	-19.46%
MSCI Europe	1,896.49	8.03%	3.92%	9.52%	-17.28%
MSCI EAFE	2,100.88	7.85%	3.43%	8.07%	-16.79%
MSCI Asia	160.88	6.78%	2.26%	3.30%	-19.36%
MSCI EM	976.52	6.70%	2.49%	2.11%	-22.37%
VIX	13.80	-4.34	-3.72	-7.87	4.45

Fixed income (total return index)		MTD	QTD	YTD	2022
Barclays U.S. Agg	2,059.86	3.40%	1.77%	0.54%	-13.01%
Inv. grade bonds	3,037.45	4.27%	2.32%	2.33%	-15.76%
High yield bonds	2,356.86	3.05%	1.85%	7.81%	-11.19%
Leveraged Loans	3,657.81	0.94%	0.95%	10.99%	-0.60%

Alternatives (total return index)		MTD	QTD	YTD	2022
FTSE NAREIT					-24.95%
REIT Index	21,236.91	8.10%	4.73%	-1.15%	
GS Commodity Index	556.75	-3.51%	-8.68%	-8.74%	8.71%
Alerian MLP Index	1,876.32	3.98%	4.41%	25.88%	30.92%

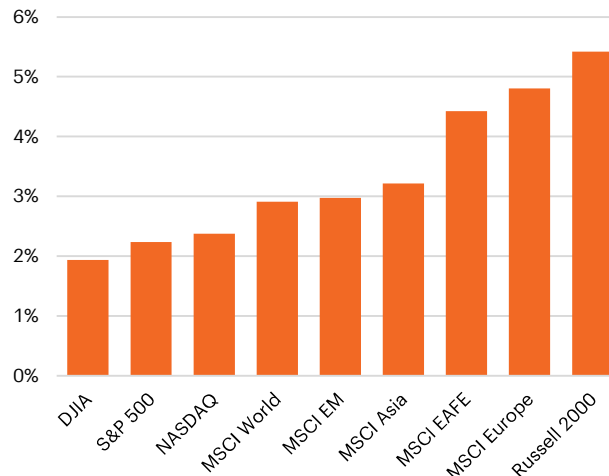
Commodities		MTD	QTD	YTD	2022
WTI Crude	\$75.89	-6.33%	-16.41%	-5.44%	6.71%
Brent Crude	\$80.61	-7.78%	-15.42%	-6.17%	10.45%
Natural Gas	\$2.96	-17.20%	1.06%	-33.85%	19.97%
Gold	\$1,985	-0.48%	7.39%	8.68%	-0.13%

Currency		MTD	QTD	YTD	2022
Dollar Index (DXY)	103.92	-2.57%	-2.13%	0.38%	8.21%
USDCNY	7.21	-1.40%	-1.15%	4.58%	8.54%
Bitcoin	36,419	5.10%	35.37%	120.19%	-64.30%

Spreads		MTD	QTD	YTD	2022
Inv. grade bonds	114 bps	-15 bps	-7 bps	-16 bps	38 bps
High yield bonds	389 bps	-48 bps	-5 bps	-80 bps	186 bps
Leveraged loans	482 bps	-17 bps	6 bps	-78 bps	149 bps
Emerging markets	321 bps	-11 bps	5 bps	-18 bps	42 bps

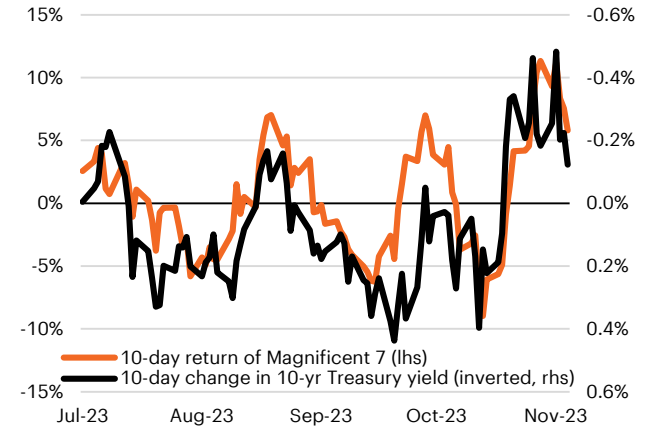
Interest rates		MTD	QTD	YTD	2022
Fed Funds Target	5.375%	5.375%	5.375%	4.375%	4.38%
SOFR	5.32%	-3 bps	1 bps	102 bps	456 bps
3-month LIBOR*	5.63%	-2 bps	-3 bps	86 bps	369 bps
2-year Treasury	4.89%	-20 bps	-16 bps	46 bps	236 bps
10-year Treasury	4.44%	-50 bps	-14 bps	56 bps	206 bps
30-year Treasury	4.59%	-50 bps	-11 bps	63 bps	293 bps
Barclays U.S. Agg	5.21%	-44 bps	-18 bps	53 bps	309 bps
Inv. grade bonds	5.83%	-52 bps	-21 bps	41 bps	475 bps
High yield bonds	8.73%	-76 bps	-15 bps	-23 bps	425 bps

**Last week's equity returns**



**A match made in seven**

Rolling 10-day change in 10YT vs. Magnificent 7



Source: Bloomberg Finance, L.P., as of November 16, 2023.

## 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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