



Equities

U.S. equities straddled all-time highs last week as yields retreated amid fresh COVID concerns. Cases have turned upward in the U.S. and continue to soar in Europe, where Austria announced a lockdown and Germany considers one. Markets fell back on their trusted pandemic trade, with the Nasdaq 100 gaining 2.31% as tech led and cyclicals and small caps lagged. With real yields continuing to plumb all-time lows, relative performance in equity markets (Nasdaq vs cyclicals) has shown a strong 0.66 correlation to moves in the 10-year Treasury over the past 3 months. Stocks in Europe lagged on the COVID situation, while EM continues to be stymied by a stronger USD.

Fixed income

Benchmark yields slipped at the end of last week as focus turned towards the worsening European COVID outbreak and the economic implications of a fresh round of lockdowns. The 10-year U.S. Treasury yield tried for much of the week to push higher but dipped on Friday to finish the week at 1.55%, down 2 bps. Fed rate hike expectations continue to point to almost 3 bps of rate hikes by the end of 2022. Credit spreads widened modestly, and IG corporate performance fell -0.03% and high yield fell -0.38% on the week.

Commodities

Crude oil ended at \$76.10/bbl, the lowest weekly close in two weeks as myriad factors weighed on prices. An upturn in COVID cases in the U.S. and fresh lockdowns in Europe served to dampen demand sentiment, while the threat of an SPR release in the U.S. has ignited supply concerns. After months of declines, lumber futures surged 48% on the week on transportation issues in Canada. Gold held steady near 5-month highs, supported by record-low real yields.

Economic overview

Retail sales surged in October, alleviating concerns that households would flinch in the face of rising inflation. Retail sales rose 1.7% in the month, and the “control” group that excludes energy, food and building materials also jumped 1.6%, a sign that consumption was broad-based. Some analysts pointed out that consumers may be front-loading holiday purchases in the face of supply-chain bottlenecks, but the overall tone of the report was roundly upbeat. Regional manufacturing surveys for November were notably strong. The New York manufacturing survey hit 30.9 vs 22.0 expected, and the Philly Fed survey rose to 39.0 vs 24.0 expected. Finally, housing starts slipped -0.7% in October while building permits rose 4.0%. Both seem to be returning to a pre-pandemic trend.

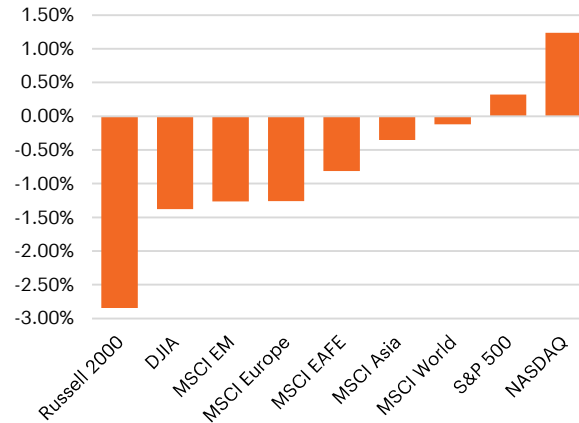
Equities (price index)		MTD	QTD	YTD	2020
S&P 500	4,697.96	2.01%	9.06%	25.08%	16.26%
DJIA	35,601.98	-0.61%	5.19%	16.32%	7.25%
NASDAQ	16,057.44	3.61%	11.14%	24.59%	43.64%
Russell 2000	2,343.16	2.00%	6.30%	18.65%	18.36%
MSCI World	3,219.90	1.42%	7.09%	19.70%	14.06%
MSCI Europe	2,072.83	-0.06%	4.32%	12.64%	3.14%
MSCI EAFE	2,344.93	0.40%	2.79%	9.19%	5.43%
MSCI Asia	199.36	1.09%	1.09%	-0.28%	17.15%
MSCI EM	1,269.22	0.35%	1.29%	-1.71%	15.84%
VIX	17.91	1.65	-5.23	-4.84	65.09%

Fixed income (total return index)		MTD	QTD	YTD	2020
Barclays U.S. Agg	2,353.67	-0.02%	-0.05%	-1.60%	7.51%
Inv. grade bonds	3,519.70	-0.13%	0.12%	-1.15%	9.89%
High yield bonds	2,439.33	-0.02%	-0.19%	4.33%	7.11%
Leveraged Loans	3,306.68	0.21%	0.48%	4.92%	3.12%

Alternatives (total return index)		MTD	QTD	YTD	2020
FTSE NAREIT					
REIT Index	26,724.58	1.29%	8.46%	31.92%	-5.29%
GS Commodity Index	567.13	-3.58%	1.69%	38.51%	-6.13%
Alerian MLP Index	1,146.58	-3.55%	1.26%	41.15%	-28.69%
HFRI Global*	1,445.02	0.15%	1.06%	4.68%	6.81%

*1-day lag

Last week's equity returns



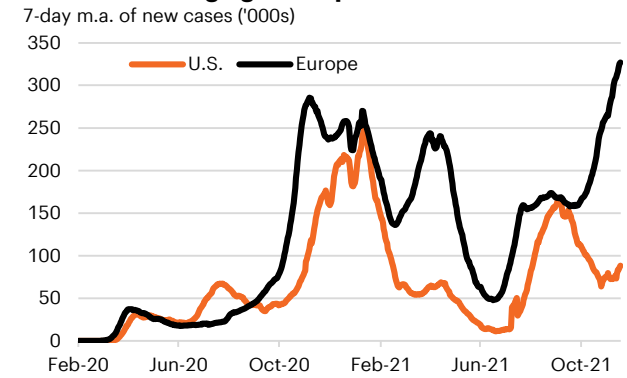
Commodities		MTD	QTD	YTD	2020
WTI Crude	\$76.10	-8.94%	1.43%	56.84%	-20.54%
Brent Crude	\$78.89	-6.51%	0.47%	52.30%	-21.52%
Natural Gas	\$5.07	-6.65%	-13.67%	99.49%	15.99%
Gold	\$1,852	3.80%	5.49%	-2.30%	24.42%

Currency		MTD	QTD	YTD	2020
Dollar Index (DXY)	96.03	2.03%	1.91%	6.78%	-6.69%
USDCNY	6.39	-0.29%	-0.90%	-2.15%	-6.26%
Bitcoin	57,870	-5.09%	33.23%	99.58%	305.07%

Spreads		MTD	QTD	YTD	2020
Inv. grade bonds	92 bps	5 bps	8 bps	-4 bps	3 bps
High yield bonds	301 bps	14 bps	12 bps	-59 bps	24 bps
Leveraged loans	399 bps	-2 bps	0 bps	-44 bps	-20 bps
Emerging markets	308 bps	4 bps	6 bps	27 bps	20 bps

Interest rates		MTD	QTD	YTD	2020
Fed Funds Target	0%-0.25%	0%-0.25%	0%-0.25%	0%-0.25%	1.633%
SOFR	0.05%	0 bps	0 bps	-2 bps	-148 bps
3-month LIBOR*	0.16%	3 bps	3 bps	-8 bps	-167 bps
2-year Treasury	0.51%	1 bps	23 bps	39 bps	-145 bps
10-year Treasury	1.55%	-1 bps	6 bps	63 bps	-100 bps
30-year Treasury	1.91%	-2 bps	-13 bps	27 bps	-74 bps
Barclays U.S. Agg	1.70%	4 bps	15 bps	58 bps	-119 bps
Inv. grade bonds	2.28%	6 bps	15 bps	54 bps	-110 bps
High yield bonds	4.41%	18 bps	37 bps	23 bps	-101 bps

COVID cases surging in Europe



Source: World Health Organization, as of November 18, 2021.

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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