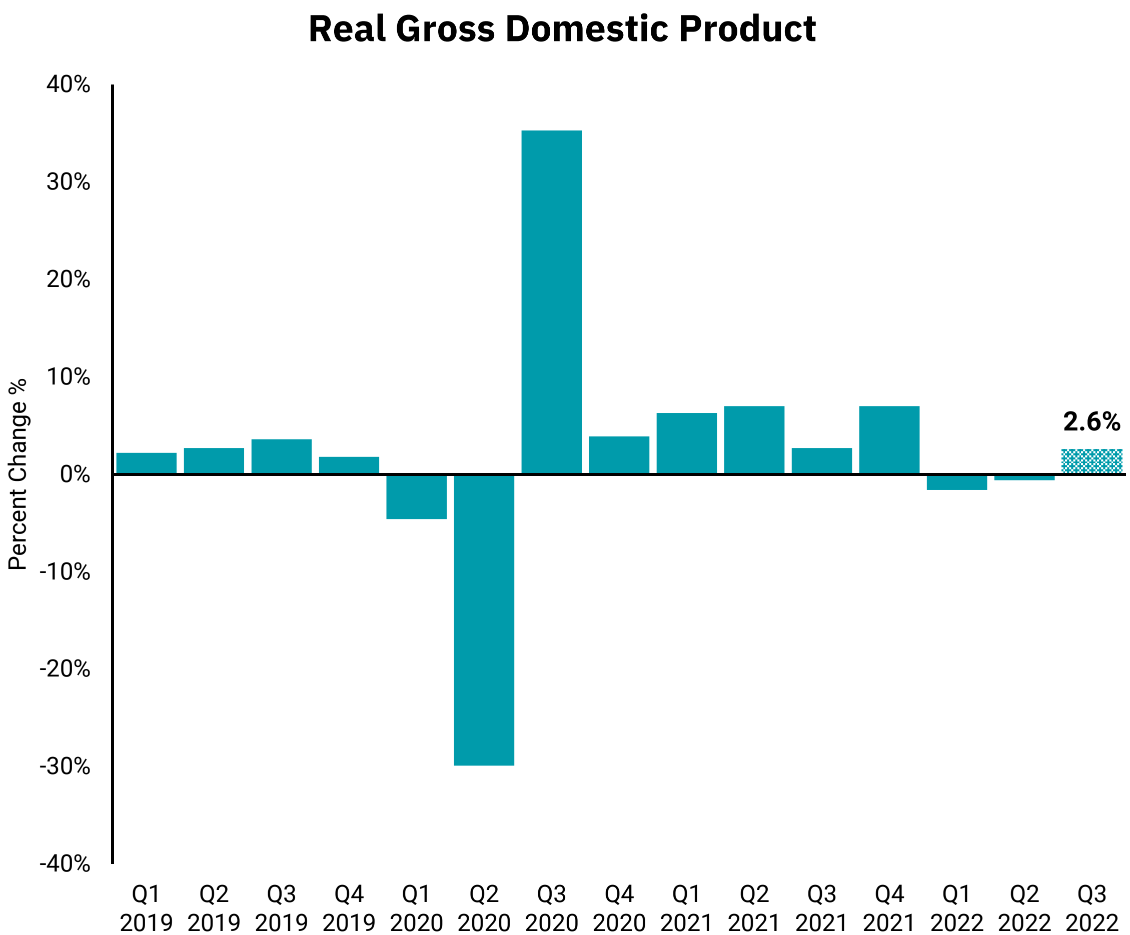
INVESTMENT MANAGEMENT

Weekly market update

Chart of the week (Oct. 27, 2022)



After first and second quarter measures of U.S. gross domestic product (GDP) showed declines in economic growth, the focus on the first look at third quarter GDP was more intense than normal. Economic growth of -1.6% for the first quarter and -0.6% for the second quarter were followed by a reading of +2.6% for the third quarter. While this number is subject to revision, a positive reading helps lessen questions about whether or not we are currently in a recession. Our stance has been we are not, but two negative readings in a row have corresponded with recessions in the past.

Factors which had led to the declines early in the year, including trade and inventories, were less impactful this quarter. Non-residential investment and consumer spending, along with government expenditures, overcame the drag of slowing residential investment as the housing market feels the full impact of the Fed's move to raise interest rates to cool inflation.

Speaking of inflation, the headline measure of inflation within the GDP report slowed to 4.2% while the core number also slowed to 4.5%. The core number is most important from a monetary policy standpoint and remains well above the Fed's stated target of 2%. Still, a slowing in the rate of increase in inflation is a positive development.

As the Fed meets this week, there is nothing in this report that would slow the Fed from raising rates by an expected 0.75%. Further, they remain on track to increase interest rates again in December and early next year.

Source: Federal Reserve Bank of St. Louis

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BOK FINANCIAL

Commentary (Oct. 27, 2022)

Domestic Equities

- U.S. stocks saw another positive week despite some headline earnings misses. Equity indices have recovered significantly from mid-month lows as the earnings season generally came in better than expected.
- Earnings season is almost half over, with about 70% of S&P 500 companies reporting better-than-expected earnings. 26% of companies have reported misses, which is higher than usual. Stocks that beat expectations are slightly outperforming, but stocks that missed are being penalized more than average.
- Big tech was among the big misses this week. Facebook parent, Meta, fell over 25% after reporting a drop in revenue, rising costs and accelerating losses in its metaverse initiatives. Amazon reduced expectations for the upcoming holiday season. Apple also expects 4th quarter weakness but reported record revenue for Q3.

Bonds

- U.S. Treasury yields fell following weaker inflation data and rising uncertainty over the Federal Reserve's policy path. Longer-term bonds experienced the biggest drop in yields, with the 10-year closing below 4% after briefly touching 4.3% at the start of the week.
- The broad investment grade market, as measured by the Bloomberg US Aggregate Bond Index, posted strong returns for the week, with longer-duration U.S. Treasuries and corporate bonds leading the market higher.
- Following the rally in risk assets, both mortgage and credit spreads narrowed.
- As expected, the European Central Bank (ECB) hiked the deposit rate by 0.75% to 1.50%. However, the governing council indicated a potential slowdown in the pace of hikes moving forward. The market interpreted this news as dovish, with sovereign bond yields falling across the market.

International Equities

- Global investor sentiment seems to be improving as investors digest some positive corporate earnings news and signals that some global central banks might pursue less aggressive monetary policy changes in the future.
- Foreign developed market stocks surged higher across all regions, with the largest gains coming from many European markets, while returns from Asian markets were more muted. European stocks rallied even though the European Central Bank hiked policy rates by 0.75%, but policymakers sent signals that the pace of future rate hikes might slow down.
- Overall, emerging markets failed to gain traction this week as the largest markets across Asia and Latin America struggled, while some smaller markets posted gains. Stocks in Mexico moved higher after the country's economic activity expanded in August on a year-over-year basis, suggesting that its economy could be more resilient than expected.

Economics

- The Bureau of Economic Analysis (BEA) reported third quarter real GDP increased 2.6% at an annualized rate, reversing the negative growth rates of the prior two quarters. The increase in GDP was mostly due to a rise in net exports and an increase in federal government spending.
- Additionally, the BEA reported personal income increased 0.4% in September, mostly due to increased wages and salaries. Consumer spending rose 0.6% for the month, with both goods and services expenditures increasing. Finally, the personal savings rate declined to 3.1% in the month.
- The Job Openings and Labor Turnover Summary (JOLTS) will be released on Tuesday. The FOMC meets on Tuesday and Wednesday. ISM will report manufacturing and service PMIs on Tuesday and Thursday, respectively. Finally, the October jobs report will be released on Friday.

BOK FINANCIAL

Weekly Market Update

For Week Ending October 28, 2022

Markets

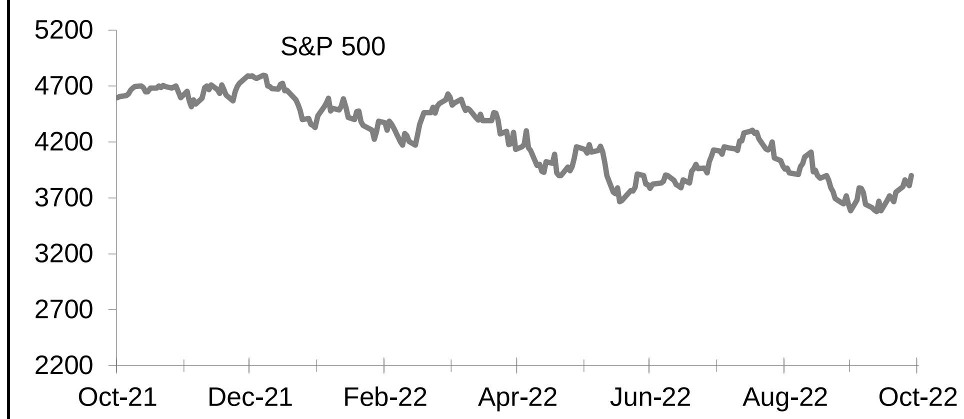
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	32,861.80	5.7%	-8.1%	-6.1%
S&P 500 Index	3,901.06	4.0%	-17.1%	-13.8%
NASDAQ	11,102.45	2.2%	-28.6%	-27.6%
S&P 400 Midcap Index	2,434.93	5.3%	-13.2%	-11.5%
S&P 600 Smallcap Index	1,196.85	6.2%	-13.6%	-11.9%
MSCI EAFE	5,907.89	4.1%	-22.8%	-23.2%
MSCI Emerging Markets	427.99	-2.2%	-29.4%	-31.6%
Bloomberg US Agg	1,993.35	1.7%	-15.4%	-15.3%
Bloomberg Municipal 5 Yr	453.55	-0.2%	-8.3%	-8.0%
Bloomberg US Corporate	2,842.54	2.0%	-19.3%	-19.3%
Bloomberg Glb Agg ex US Hdg	524.34	1.9%	-9.3%	-9.1%
Bloomberg High Yield	2,162.16	2.4%	-12.2%	-11.4%
MSCI US REIT Index	1,918.68	6.2%	-25.2%	-20.3%
Bloomberg Commodity Index	241.81	0.5%	14.2%	8.6%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	3.25%	3.25%	0.25%	0.25%
3-Month Treasury	4.05%	3.93%	0.06%	0.05%
1-Year Treasury	4.53%	4.51%	0.39%	0.11%
2-Year Treasury	4.41%	4.47%	0.73%	0.49%
5-Year Treasury	4.18%	4.34%	1.26%	1.18%
7-Year Treasury	4.10%	4.28%	1.44%	1.45%
10-Year Treasury	4.01%	4.22%	1.52%	1.58%
30-Year Treasury	4.14%	4.33%	1.90%	1.98%
Consumer Rates				
1-Year CD	5.37%	5.48%	0.57%	0.34%
30-Year Mortgage	7.14%	7.24%	3.27%	3.14%
Prime Rate	6.25%	6.25%	3.25%	3.25%
3-Month LIBOR	4.44%	4.36%	0.21%	0.13%
Commodities				
Gold	1,644.86	1,657.69	1,829.20	1,798.91
Crude Oil (WTI)	87.90	85.05	72.78	71.69
Gasoline	3.89	3.99	3.38	3.48
Natural Gas	5.68	5.47	3.64	4.37
Copper	3.43	3.47	4.43	4.35

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	17.81	18.77	4.43	2.12
S&P 500	17.51	19.00	3.91	1.68
S&P 500 Value	15.33	16.62	2.83	2.30
S&P 500 Growth	20.83	22.62	6.87	0.99
NASDAQ	15.21	15.94	3.73	2.11
S&P Midcap 400	13.16	14.43	2.25	1.69
S&P Smallcap 600	12.95	14.13	1.78	1.47
MSCI EAFE	11.70	12.15	1.48	3.62
MSCI Emerging Markets	10.37	9.54	1.28	3.73

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	8.76	5.02	1.11
Mid	8.36	7.61	6.81
Small	11.05	9.50	7.72

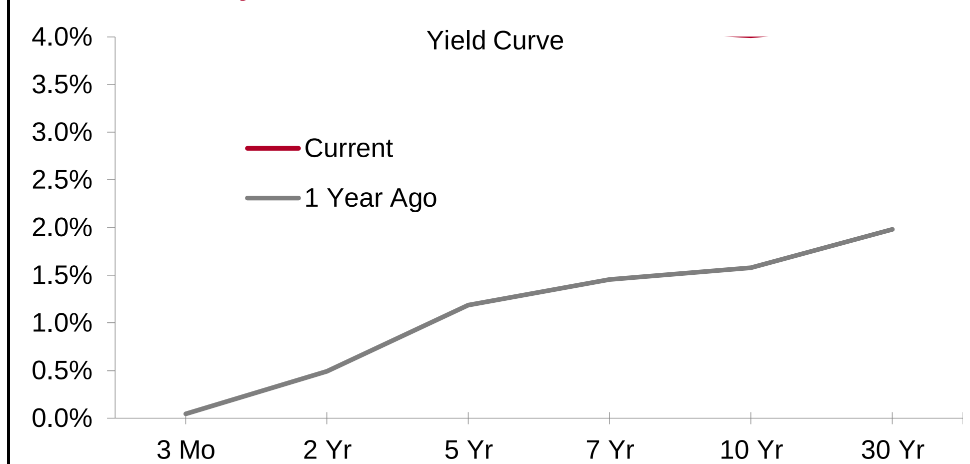
Year to Date*

	Value	Core	Growth
Large	-6.58	-17.10	-26.50
Mid	-7.92	-13.23	-18.44
Small	-8.50	-13.60	-18.64

> 10%
0% - 10%
<0%

*S&P Indices

Fixed Income Style



1 Month*

	Short	Interm.	Long
Govt	-0.17	-0.63	-6.32
Corp	-0.34	-0.94	-3.02
HY	1.71	2.82	0.20

Year to Date*

	Short	Interm.	Long
Govt	-4.51	-8.86	-32.19
Corp	-4.75	-19.22	-30.72
HY	-4.89	-11.42	-25.09

> 10%
0% - 10%
<0%

*Bloomberg Barclays Indices.

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	8.2%	5.4%
CPI Core Inflation	6.6%	4.0%
Personal Consumption Exp (PCE) Core	5.1%	3.9%
Jobs		
Unemployment Rate (U3)	3.5%	4.7%
Broader Unemployment Rate (U6)	6.7%	8.5%
JOLT Survey (in millions)	10.05	10.63
Jobless Claims (000's)	217	294
Change in Non-Farm Payroll (000's)	263	424
Average Hourly Earnings (Y/Y % Change)	5.0%	4.8%
Consumer & Spending		
Consumer Confidence (Conf Board)	102.5	111.6
Consumer Spending ($ Bil)	17,608	16,268
Consumer Credit ($ Bil)	4,680	4,332
Retail Sales ($ Bil)	684	632
Housing		
Housing Starts (000's)	1,439	1,559
Case-Shiller Home Price Index	303.76	268.84
U.S. Productivity		
Real Gross Domestic Product ($ Bil)	20,022	19,673
Quarter over Quarter Change	2.6%	2.7%
Year Over Year Change	1.8%	5.0%
ISM Manufacturing	50.90	60.50
Capacity Utilization	80.34	77.45
Markit US Composite PMI	47.30	57.60
U.S. General		
Leading Economic Indicators	115.9	117.6
Trade Weighted Dollar Index	128.2	113.5
EUR / USD	1.00	1.17
JPY / USD	146.29	113.58
CAD / USD	0.74	0.81
AUD / USD	0.64	0.75

S&P 500 Sector Returns

	1 Month	YTD
Energy	22.90%	67.01%
Consumer Staples	6.02%	-3.26%
Utilities	-3.12%	-3.71%
Health Care	7.28%	-4.57%
Industrials	10.79%	-9.38%
Financials	10.23%	-11.17%
Materials	8.01%	-16.14%
Information Technology	4.22%	-25.08%
Real Estate	0.45%	-27.32%
Consumer Discretionary	-4.27%	-29.24%
Communication Services	-2.31%	-37.92%