Oppenheimer & Co. Inc.
Spencer Nurse
Managing Director - Investments
500 108th Ave. NE
Suite 2100
Bellevue, WA 98004
425-709-0540
800-531-3110
spencer.nurse@opco.com
https://www.oppenheimer.com/spencernurse/

Market Week: October 10, 2022

The Markets (as of market close October 7, 2022)

Market gains early last week were enough to outpace declines later, as stocks enjoyed their best weekly gains in a month. The Russell 2000, the Dow, and the Global Dow paced the benchmark indexes listed here. The S&P 500 climbed higher, while the Nasdaq was able to hold on to a marginal gain. Investors saw a strong labor report, which included an unexpected drop in the unemployment rate, as adding fuel to the Federal Reserve's fire of continuing interest-rate hikes. Crude oil prices advanced for five consecutive days following an OPEC+ cut in production, prompting some analysts to predict prices will soon reach $100.00+ per barrel. Gas prices, which had steadily declined during the summer, are now heading higher. Last week saw 10-year Treasury yields rise 8.0 basis points, with the dollar and gold prices also advancing.

Wall Street opened the first full week of October in fine fashion following a brutal September. Each of the benchmark indexes listed here posted solid gains, led by the Russell 2000 and the Dow, which gained 2.7%. The S&P 500 rose 2.6%, the Nasdaq climbed 2.3%, and the Global Dow edged up 1.8%. Ten-year Treasury prices jumped higher, pulling yields down 15.3 basis points to close the session at 3.65%. Crude oil prices advanced $3.82 to reach $83.31 per barrel, as OPEC mulled a cut in production. The dollar dipped slightly lower, while gold prices increased nearly $38.00 to $1,709.60 per ounce.

Stocks continued to rebound last Tuesday, marking the best two-day rally since April 2020. Among the benchmark indexes listed here, the Russell 2000 (3.9%), the Global Dow (3.7%), the Nasdaq (3.3%), and the S&P 500 (3.1%) led the surge, followed closely by the Dow, which rose 2.8%. Treasury yields and the dollar slid lower. Crude oil prices advanced nearly $2.60 to hit $86.20 per barrel. Gold prices also rose for the second consecutive day, climbing nearly 2.0% to $1,733.90 per ounce.

Equities slid marginally lower last Wednesday, ending a two-day uptick. The Russell 2000 (-0.7%) and the Global Dow (-0.5%) fell the furthest on the day, followed by the Nasdaq (-0.3%), the S&P 500 (-0.2%), and the Dow (-0.1%). Ten-year Treasury yields rose 14.2 basis points to 3.75%. Crude oil prices increased for the third consecutive day, reaching $87.97 per barrel. The dollar advanced, while gold prices dipped lower. With the Federal Reserve hiking interest rates to combat rising inflation, borrowing costs have escalated, with U.S. mortgage rates hitting a 16-year high of 6.75%, leading to a marked slowdown of home loan applications.

Wall Street took another turn lower last Thursday, with each of the benchmark indexes sliding lower. The Dow fell 1.2%, the S&P 500 and the Global Dow lost 1.0%, while the Nasdaq (-0.7%) and the Russell 2000 (-0.5%) dipped less than 1.0%. Crude oil prices added nearly $1.30 to top $89.00 per barrel. The yield on 10-year Treasuries hit 3.82% after closing the session up 6.7 basis points. The dollar and gold prices advanced.

Stocks ended the week sharply lower last Friday. Each of the benchmark indexes tumbled lower by the end of the session, with the Nasdaq (-3.8%) and the Russell 2000 (-2.9%) falling the furthest. The S&P 500 slid 2.8%, the Dow declined 2.1%, and the Global Dow dropped 1.9%. On the other hand, Treasury yields jumped higher, with 10-year yields adding 5.7 basis points to close the week at 3.88%. Crude oil prices rose more than $4.00, hitting $92.66 per barrel. The dollar advanced, while gold prices declined for just the second session of the week.

Key Dates/Data Releases

10/12: Producer Price Index

10/13: Consumer Price Index, Treasury statement

10/14: Import and export prices, retail sales

Stock Market Indexes

Market/Index	2021 Close	Prior Week	As of 10/7	Weekly Change	YTD Change
DJIA	36,338.30	28,725.51	29,296.79	1.99%	-19.38%
Nasdaq	15,644.97	10,575.62	10,652.40	0.73%	-31.91%
S&P 500	4,766.18	3,585.62	3,639.66	1.51%	-23.64%
Russell 2000	2,245.31	1,664.72	1,702.15	2.25%	-24.19%
Global Dow	4,137.63	3,168.34	3,230.31	1.96%	-21.93%
Fed. Funds target rate	0.00%-0.25%	3.00%-3.25%	3.00%-3.25%	0 bps	300 bps
10-year Treasuries	1.51%	3.80%	3.88%	8 bps	237 bps
US Dollar-DXY	95.64	112.17	112.78	0.54%	17.92%
Crude Oil-CL=F	$75.44	$79.67	$92.66	16.30%	22.83%
Gold-GC=F	$1,830.30	$1,670.50	$1,703.20	1.96%	-6.94%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- The labor sector continued to show strength in September. According to the latest figures from the Bureau of Labor Statistics, there were 263,000 new jobs added in September following an additional 315,000 jobs added in August. Monthly job growth has averaged 420,000 thus far in 2022, compared with 562,000 per month in 2021. In September, notable job gains occurred in leisure and hospitality and in health care. In September, average hourly earnings rose by $0.10, or 0.3%, to $32.46. Over the past 12 months, average hourly earnings have increased by 5.0%. In September, the average work week was 34.5 hours for the fourth month in a row. In September, the unemployment rate fell 0.2 percentage point to 3.5%. The number of unemployed persons fell 4.5% to 5.75 million in September. Among the unemployed, the number of those who permanently lost their jobs decreased by 173,000 to 1.2 million in September. The labor force participation rate was little changed at 62.3% in September, and the employment-population ratio was unchanged at 60.1%. Both measures are 1.1 percentage point below their values in February 2020, prior to the coronavirus pandemic. In September, 5.2% of employed persons teleworked because of the coronavirus pandemic, down from 6.5% in the prior month and well below the 35.4% figure from May 2020. In September, 1.4 million persons reported they had been unable to work because their employer closed or lost business due to the pandemic, down from 1.9 million in August and from 49.8 million in May 2020. Overall, the relative strength of the September jobs report will most certainly bolster the Federal Reserve's premise that the state of the economy can withstand the present pace of interest-rate increases to combat inflation.
- Manufacturing conditions improved marginally in September, according to the latest purchasing managers' index from S&P Global. The S&P Global US Manufacturing Purchasing Managers' Index posted 52.0 in September, up from 51.5 in August. A reading above 50.0 indicates growth. Output and new orders expanded in September due to an increase in client demand, with the quickest rate of growth since May. Input costs rose again in September, but at a slower pace than in August. In turn, manufacturers softened the increase in selling prices in an effort to drive sales.
- September also saw business output improve in the services sector. According to the US Global Services PMI™, survey respondents indicated that business activity in the services sector contracted, but at a slower pace than in August. The decline in output was marginal, as demand increased somewhat. New orders, particularly on the domestic side, improved, while export business declined. While the data in the services sector indicates improvement, the third quarter was the second worst-performing three-month period since 2009.
- According to the latest information from the Job Openings and Labor Turnover Summary, the number of job openings decreased 1.1 million to 10.1 million at the end of August, the lowest level since June 2021. The largest decreases in job openings were in health care and social assistance (-236,000), other services (-183,000), and retail trade (-143,000). In August, the number of hires was little changed at 6.3 million, while the number of total separations was 6.0 million, little changed from the previous month. Within separations, there were 4.2 million quits and 1.5 million layoffs and discharges, little changed from the July totals.
- The international trade in goods and services trade deficit retracted by 4.3% in August, according to the

latest report from the Bureau of Economic Analysis. Exports decreased 0.3% and imports fell 1.1%. Year to date, the goods and services deficit increased 24.4% from the same period in 2021. Exports increased 19.9% and imports increased 21.0%.

- Gasoline prices have risen for two consecutive weeks. The national average retail price for regular gasoline was $3.782 per gallon on October 3, $0.071 per gallon above the prior week's price and $0.592 higher than a year ago. Also as of October 3, the East Coast price decreased $0.072 to $3.336 per gallon; the Gulf Coast price slid $0.037 to $3.081 per gallon; the Midwest price rose $0.091 to $3.722 per gallon; the West Coast price increased $0.515 to $5.687 per gallon; and the Rocky Mountain price fell $0.045 to $3.874 per gallon. Residential heating oil prices averaged $4.622 per gallon on October 3, about $1.477 per gallon more than a year ago.
- For the week ended October 1, there were 219,000 new claims for unemployment insurance, an increase of 29,000 from the previous week's level, which was revised down by 3,000. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended September 24 was 1.0%, an increase of 0.1 percentage point from the previous week's rate, which was revised down by 0.1 percentage point. The advance number of those receiving unemployment insurance benefits during the week ended September 24 was 1,361,000, an increase of 15,000 from the previous week's level, which was revised down by 1,000. States and territories with the highest insured unemployment rates for the week ended September 17 were New Jersey (1.8%), California (1.7%), Puerto Rico (1.6%), New York (1.4%), Alaska (1.2%), Massachusetts (1.2%), Rhode Island (1.2%), Connecticut (1.1%), and Nevada (1.1%). The largest increases in initial claims for the week ended September 24 were in Ohio (+1,586), North Carolina (+289), Tennessee (+286), Arkansas (+38), and Arizona (+35), while the largest decreases were in Michigan (-5,715), New York (-1,404), Missouri (-966), and Georgia (-799).

Eye on the Week Ahead

Important inflation data is available this week with the release of the September consumer price index, import and export prices, and the producer price index. Investors are hoping each of these reports will show inflationary pressures are slowing.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.
