

CAPITAL MARKETS REPORT - MAY 16, 2022



Birmingham (866) 405-6864
Baton Rouge (800) 421-6182
Shreveport (866) 453-5150
Little Rock (800) 737-0535
Memphis (901) 761-9660

SERVICE BEYOND COMPARISON

Market Movers:

- Stocks tumbled to a 13-month low in a widespread selloff amid concern about the Federal Reserve's ability to tame inflationary spirals without throwing the economy into a recession. The slide in the S&P 500 topped 3%, while the Treasury curve steepened, with the gap between two-and 30-year rates hitting the widest since mid-March.
- Although annual measures of consumer prices cooled slightly from March, signaling a peak that economists expected, the details of last week's report painted a more troubling picture as monthly figures advanced more than forecast. Services costs accelerated while inflation for most goods remained stubbornly high, underscoring the persistence and breadth of price pressures.
- The Senate voted to confirm Jerome Powell for a second four-year term as Fed Chairman on Thursday, trusting him to tackle the highest inflation to confront the country in decades.
- U.S. mortgage rates jumped again this week, extending a steep climb that is shutting some homebuyers out of the market. The average FHLMC 30-year loan was 5.3%, up from 3.11% at the start of 2022 and the highest since 2009.
- Stock's pain abated somewhat at the end of the chaotic week with a little help from Fed Chair Jerome Powell's reassurance that bigger rate hikes would be off the table for now, even after the hot inflation readings of the past few days.
- Treasury prices are opening the week stronger following comments yesterday from Goldman Sachs Chairman Lloyd Blankfein that there is a "very, very high risk" of a pending US recession and, "If I were running a big company, I would be very prepared for it." The yield on the 10Y Note is down another 4bps at 2.86%

Market Last Week

	5/6/22 Close	5/13/22 Close	Weekly Change
2 yr. Note	2.65%	2.59%	-6 bps
5 yr. Note	3.08%	2.89%	-19 bps
10 yr. Note	3.14%	2.90%	-24 bps
30 yr. Bond	3.23%	3.09%	-14 bps
1 Mo. LIBOR	0.84214	0.88671	+0.0446

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
5/16/22 8:30 AM	Empire Manufac- turing	15.0	24.6
5/17/22 8:30 AM	Retail Sales Ad- vance MoM	1.0%	0.5%
5/17/22 9:15 AM	Industrial Produc- tion MoM	0.5%	0.9%
5/17/22 10:00 AM	Business Invento- ries	1.9%	1.5%
5/18/22 7:00 AM	MBA Mortgage Applications	n/a	2.0%
5/18/22 8:30 AM	Housing Starts (MoM)	-1.8%	0.3%
5/18/22 8:30 AM	Building Permits (MoM)	-3.1%	0.3%
5/19/22 8:30 AM	Philadelphia Fed Business Outlook	16.5	17.6
5/19/22 8:30 AM	Initial Jobless Claims	200k	203k
5/19/22 8:30 AM	Continuing Claims	1330k	1343k
5/19/22 10:00 AM	Existing Home Sales	5.63m	5.77m
5/19/22 10:00 AM	Leading Index	0.0%	0.3%

Hank Marks: hmarks@bankers-bank.com