



# **THE CONCORD ADVISORY GROUP, LTD.**

*Institutional Investment Consulting Services*

## ***NOVEMBER 2022 MARKET HIGHLIGHTS***

***“EVERYONE IS PREDICTING IT”***

# THE CONCORD ADVISORY GROUP, LTD: NOVEMBER 2022 MARKET HIGHLIGHTS

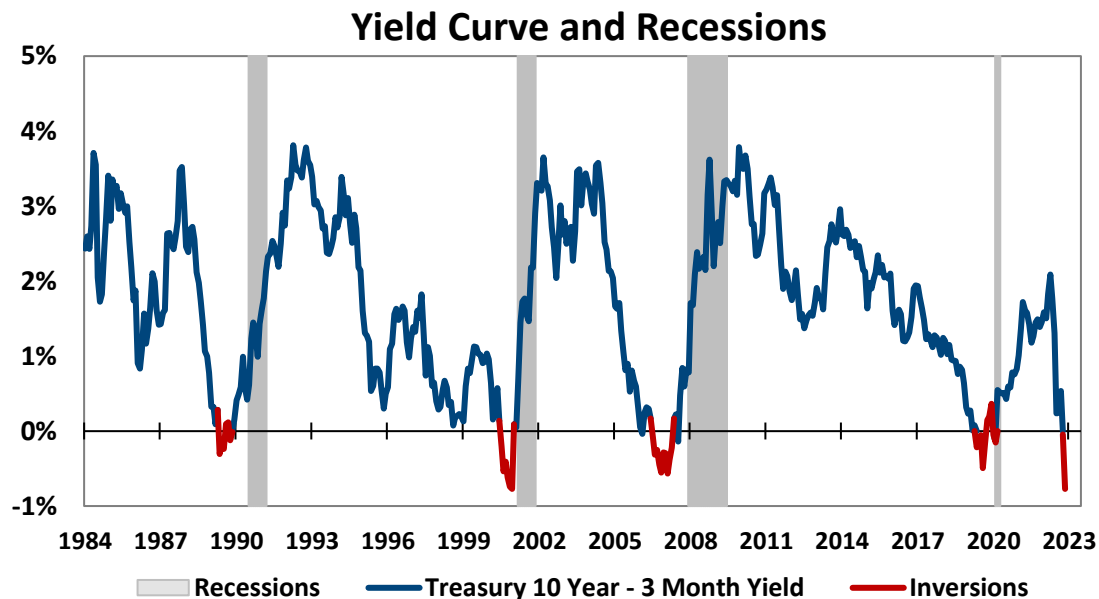
## COMMENTARY: “EVERYONE IS PREDICTING IT”

If there is a recession next year, it may be the most widely anticipated recession ever. Over the last few weeks, the economic narrative has turned from “will there be a recession?” to “will the recession be mild or severe / long or short?” For example, the Conference Board and Bloomberg Economics put the probability of a recession in the next 12 months at 96% and 100%, respectively. The recent economic releases, especially survey data from regional Federal Reserve Banks, are showing slowing growth, but it is the further inversion of the yield curve that has flipped the narrative into being more negative about the economy.

Recession probability models look at multiple datapoints, but the shape of the yield curve is a very important factor in most and some consider it exclusively. The 3-month Treasury yield now exceeds the 10-year Treasury yield, a signal which has been an accurate predictor of all six of the recessions since 1980, without any false positive readings.

The shape of the curve indicates the bond market is betting that policy priorities will shift from concern about inflation back to supporting economic growth later next year. The lower intermediate and longer-term yields have been a welcome partial recovery for bond investors.

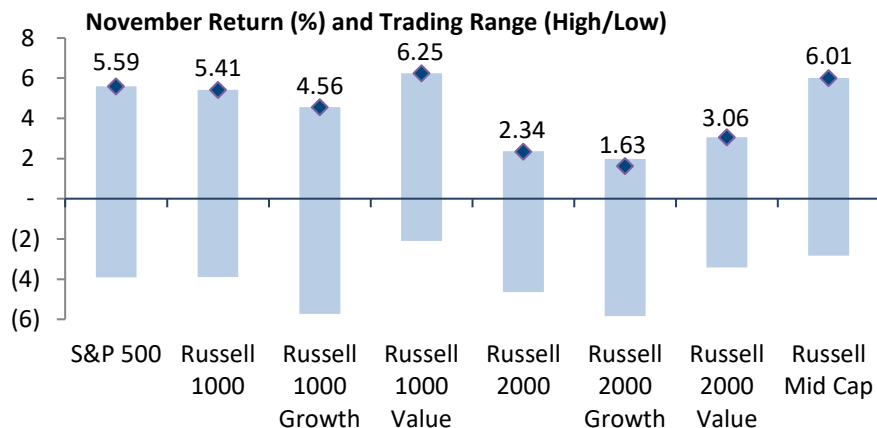
The impact of the probable recession on markets is debatable. History provides mixed guidance. In the three years following the last four yield curve inversions in 1989, 2000, 2006, and 2019, the S&P 500’s 3-year annualized forward returns were mixed at +13%, -11%, -8%, and +16%, respectively. However, none of those downturns seemed to be as well anticipated as this expected recession. Some of the negative economic expectation must be already reflected by the year-to-date 13% drop in stock prices. The most challenging aspect of investing in 2022 was that stocks and bonds both moved lower, and traditional diversification did not work. If there is a recession, higher starting yields and recent bond market strength suggest that fixed income should provide better ballast to portfolios than it did this year.



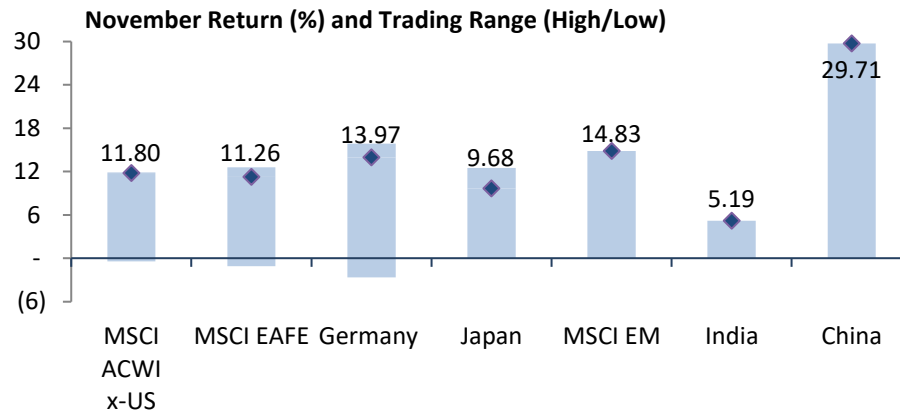
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## MONTHLY CHARTS

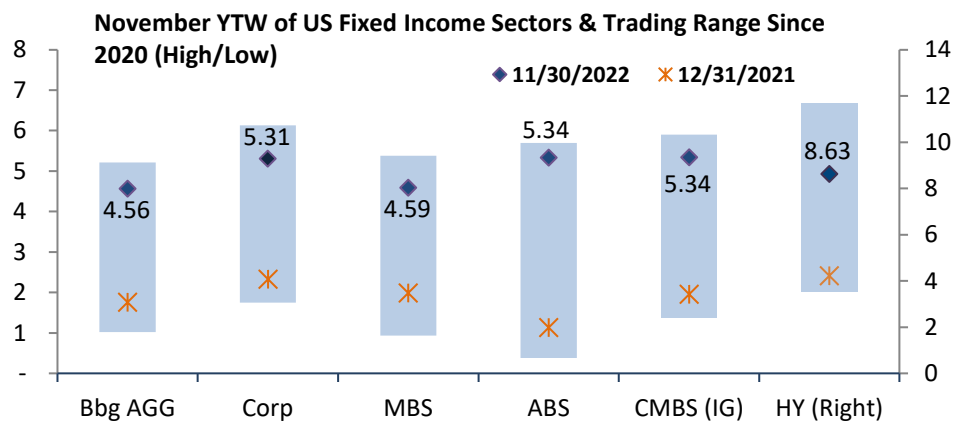
**U.S. Equities:** U.S. equities advanced in November, for a second consecutive month. Stocks rallied on signs of easing inflationary pressures and the potential for a slower pace of interest rate hikes



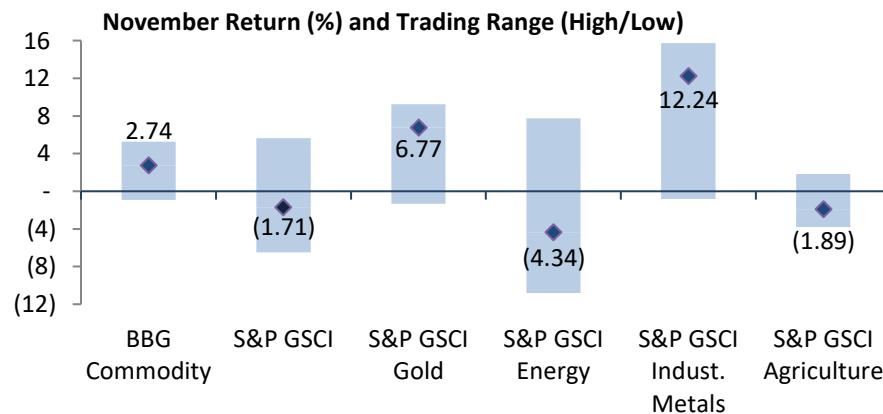
**International Equities:** Both developed and emerging markets outpaced U.S. equities during the period, having benefited from a weaker U.S. Dollar and indications the Chinese economy may reopen.



**Fixed Income:** Fixed income was broadly positive during the month, as slowing inflation pulled intermediate and longer-term Treasury yields lower.



**Commodities:** Broad commodities indexes declined in November, notably due to lower Energy prices; however, both Precious and Industrial Metals gained on anticipated demand from China.



# Market Performance - November 2022

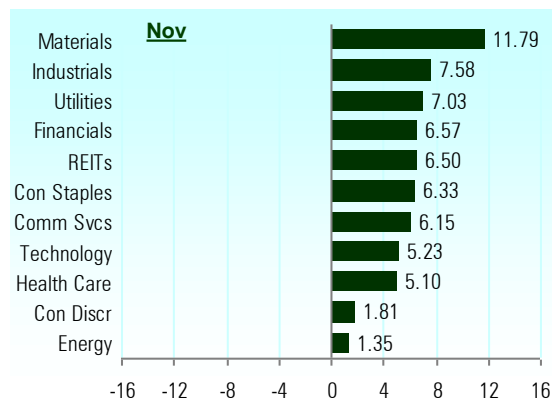
## Equity Markets

	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	5.59%	3.63%	-13.11%	-9.21%	10.90%	10.98%
Russell 1000	5.41%	3.33%	-14.14%	-10.66%	10.56%	10.69%
Russell 1000 Growth	4.56%	-0.09%	-23.26%	-21.64%	11.79%	12.92%
Russell 1000 Value	6.25%	6.87%	-3.66%	2.42%	8.40%	7.86%
Russell MidCap	6.01%	4.72%	-12.59%	-9.02%	8.68%	8.50%
Russell 2000	2.34%	2.71%	-14.92%	-13.02%	6.43%	5.45%
Russell 2000 Growth	1.63%	1.26%	-21.30%	-20.96%	3.68%	4.92%
Russell 2000 Value	3.06%	4.21%	-8.48%	-4.74%	8.33%	5.35%
MSCI ACWI	7.76%	3.32%	-15.02%	-11.62%	6.63%	6.42%
MSCI World	6.95%	3.98%	-14.51%	-10.86%	7.52%	7.35%
MSCI ACWI Ex-US	11.80%	3.64%	-15.37%	-11.87%	1.75%	1.48%
MSCI EAFE	11.26%	6.28%	-14.52%	-10.15%	1.92%	1.85%
MSCI EM	14.83%	-1.78%	-18.95%	-17.43%	0.14%	-0.42%
Bloomberg Commodity	2.74%	-3.71%	19.01%	23.21%	15.46%	7.60%

## Fixed Income Markets

	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Bloomberg Aggregate	3.68%	-2.09%	-12.62%	-12.84%	-2.59%	0.21%
Bloomberg Global Aggregate	4.71%	-1.36%	-16.70%	-16.82%	-4.47%	-1.70%
Bloomberg Intermediate Aggregate	2.80%	-1.56%	-9.27%	-9.38%	-1.79%	0.40%
Bloomberg Universal	3.73%	-1.83%	-12.69%	-12.75%	-2.38%	0.34%
Bloomberg Government	2.64%	-2.22%	-11.88%	-12.32%	-2.58%	0.10%
Bloomberg Credit	4.97%	-1.38%	-14.89%	-14.95%	-2.62%	0.67%
Bloomberg Municipal	4.68%	-0.18%	-8.79%	-8.64%	-0.76%	1.41%
Bloomberg High Yield	2.17%	0.66%	-10.63%	-8.96%	0.92%	2.50%
Bloomberg Mortgage	4.08%	-2.59%	-11.42%	-11.50%	-2.99%	-0.38%
Bloomberg 1-3 Yr Gov/Credit	0.82%	-0.53%	-3.87%	-4.02%	-0.30%	0.89%
FTSE 3-Month Treasury Bill	0.29%	0.73%	1.16%	1.17%	0.64%	1.20%
FTSE World Govt Bond	4.54%	-1.30%	-18.12%	-18.63%	-5.61%	-2.48%
Bloomberg U.S. TIPS	1.83%	-3.73%	-10.94%	-10.66%	1.68%	2.51%
BofAML Invest Grade Convertible	3.36%	-0.16%	-4.70%	-1.03%	4.84%	6.97%

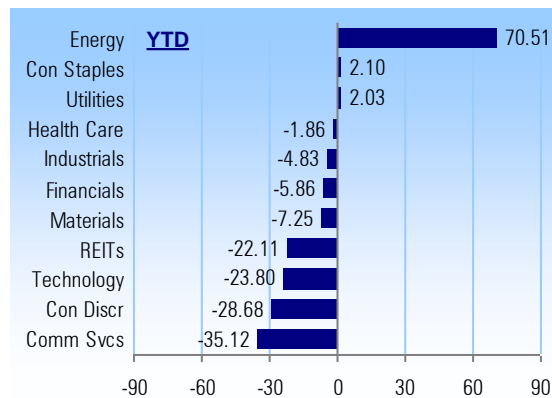
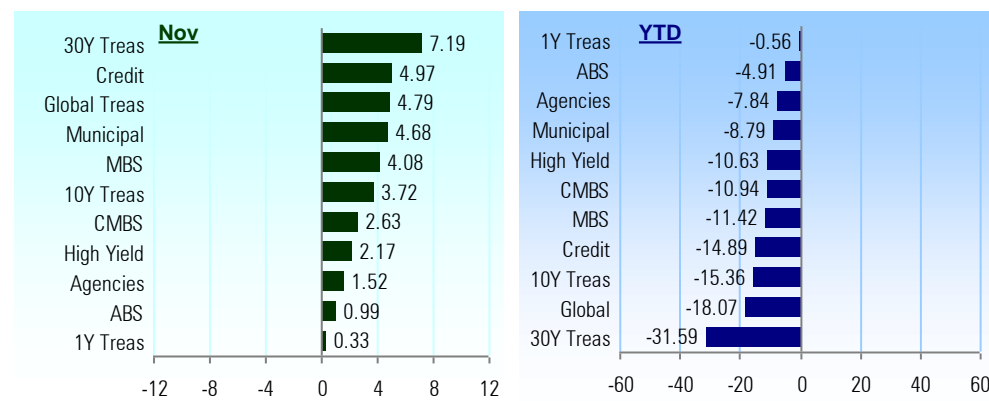
## Equity Sector Returns (%)



## Equity Style Returns (%)



## Fixed Income Sector Returns (%)



## Treasury Yield Curve Rates

