AMJ Financial Wealth Management
Weekly Market Commentary
November 28, 2022

The Markets

There was a shift in the winds of monetary policy.

Last week, it became clear the Federal Reserve (Fed) had softened its hawkish stance. The minutes of the central bank's November policy meeting indicated the Fed was likely to slow the pace of rate hikes soon. There was a caveat, though. The minutes noted:

"…with inflation showing little sign thus far of abating, and with supply and demand imbalances in the economy persisting…the ultimate level of the federal funds rate that would be necessary to achieve the Committee's goals was somewhat higher than [Fed officials] had previously expected."

In other words, rate hikes are likely to be smaller in the future, but the federal funds rate will probably move higher than previously expected. Last week, the *CME FedWatch Tool* suggested that the federal funds target range will:

- Increase 0.50 percent in December to 4.25 to 4.50 percent.
- Rise to 5.0 percent to 5.25 percent during 2023.
- Fall to 4.5 percent to 4.75 percent by the end of next year.

Weaker economic data seemed to support the Fed's pivot. Molly Smith of *Bloomberg* reported, "Fresh evidence Wednesday pointed to a slowing U.S. economy and a cooling labor market that suggests steep interest-rate hikes by the Federal Reserve are starting to have a broader impact. Business activity contracted for a fifth month in November and applications for unemployment benefits rose last week to a three-month high. While consumer sentiment and new-home sales improved, both remain depressed and indicate a weaker spending appetite and subdued housing demand."

Investors celebrated the Fed's stance adjustment, and major U.S. stock indices pushed higher last week. Yields on U.S. Treasuries with maturities of one year or less moved higher last week, while yields on longer maturities moved lower.

Data as of 11/25/22	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	1.5%	-15.5%	-14.4%	8.7%	9.1%	11.1%
Dow Jones Global ex-U.S. Index	1.9	-18.0	-17.9	-0.6	-1.0	2.2
10-year Treasury Note (yield only)	3.7	N/A	1.5	1.8	2.3	1.7
Gold (per ounce)	0.0	-3.8	-2.0	6.3	6.2	0.0
Bloomberg Commodity Index	0.1	15.9	14.8	13.5	5.8	-2.2

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

SHORT TAKES. The Federal Reserve's pivot wasn't the only interesting event last week. Here are some other occurrences that may prove to be of interest to investors.

> **A cure for the "Royal disease"**. In the 1800s and early 1900s, royalty in Britain, Germany, Russia and Spain suffered from hemophilia, a genetic disorder that prevents blood from clotting. Last week, the U.S. Food and Drug Administration approved the first gene therapy treatment for hemophilia. The treatment, which is administered once, has a price tag of $3.5 million. Cell and gene therapies are expected to change the way disease is treated, but the price begs the question: Could Royals even have afforded it?
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> **Ready, set, shop!** About two-thirds of American holiday shoppers – and the *National Retail Federation (NRF)* anticipate that number will be more than 166 million this year – planned to shop in brick-and-mortar to stores over Thanksgiving weekend. More than a third were planning to go online on Cyber Monday. The NRF estimates sales will be up 6 percent to 8 percent over November and December. It remains to be seen how holiday deals will affect companies' profits.
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> **Pandemic redux**. The number of daily COVID-19 cases in China reached a record high last week, affecting the cities of Beijing, Chongqing and Guangzhou. "Cities are once again expanding their testing efforts and building makeshift hospitals to quarantine the growing number of people who are infected. Though no city-wide lockdowns have been announced, the widespread restrictions are increasingly paralyzing economic activities, even as authorities pledge to make their responses more targeted and less disruptive," reported *Bloomberg News*.

We hope you stay healthy and achieve all your shopping goals during the holidays!

Weekly Focus – Think About It

"Never be limited by other people's limited imaginations. If you adopt their attitudes, then the possibility won't exist because you'll have already shut it out...You can hear other people's wisdom, but you've got to re-evaluate the world for yourself."

—Mae C. Jemison, astronaut

Best regards,

Angela M. Bender

P.S. Please feel free to forward this commentary to family, friends or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.
* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.
* Asset allocation does not ensure a profit or protect against a loss.
* Consult your financial professional before making any investment decision.

Sources:
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