

November 2022 Market Update

The untold story in November is the huge gain in international stocks which rallied 13.0% compared to a 5.2% gain for U.S. stocks. Bonds also rallied 3.8% and real estate grew 6.1%. U.S. and international stocks are down about 14.4% year-to-date while bonds are down 12.3% and real estate down 22.3%. Ten-year yields dropped from 4.10% to 3.68%.

November's CPI report was lower than expected as headline CPI was +0.4% vs expectations of +0.6% and core CPI was +0.3% vs expectations of +0.5%. Year-over-year headline CPI is 7.7% and core CPI (ex food and energy) is 6.3%. Also, month-over-month numbers show inflation is slowing down. Annualized inflation over the past 4 months is 1.7% while inflation for the 8 months prior to that is 10.9%.

The FOMC raised interest rates 75 basis points on November 2nd and is indicating another 50 bp rise for December 14th, which will set the year-end target range for Fed Funds to 4.25% to 4.50%.

We believe the market is fairly priced now. Our only bias is long growth vs. value, a trade that went against us this month but that we see as a long-term inflation-recovery trade.

Table 1: Benchmark Index ETF Performance as of November 30, 2022

Benchmark Index	1 Mo	3 Mo	YTD	5 Yr Ann
U.S. Stocks	5.2%	3.2%	-14.5%	10.3%
International Stocks	13.0%	5.3%	-14.3%	1.9%
U.S. Bonds	3.8%	-1.8%	-12.3%	0.2%
U.S. Real Estate	6.1%	-4.3%	-22.3%	4.7%

Table 2: Vanguard Asset Allocation Benchmarks as of November 30, 2022

Vanguard Fund: % Stock/% Bond mix	1 Mo	3 Mo	YTD	5 Yr Ann
LifeStrategy Growth Fund: 80/20	7.4%	3.1%	-13.8%	5.7%
LifeStrategy Moderate Growth Fund: 60/40	6.4%	2.0%	-13.2%	4.5%
LifeStrategy Conservative Growth Fund: 40/60	5.3%	0.9%	-12.7%	3.1%

Chart 1: Year-to-Date Market Performance as of November 30, 2022

