WEST SHORE BANK

WEEKLY RECAP - October 10, 2022

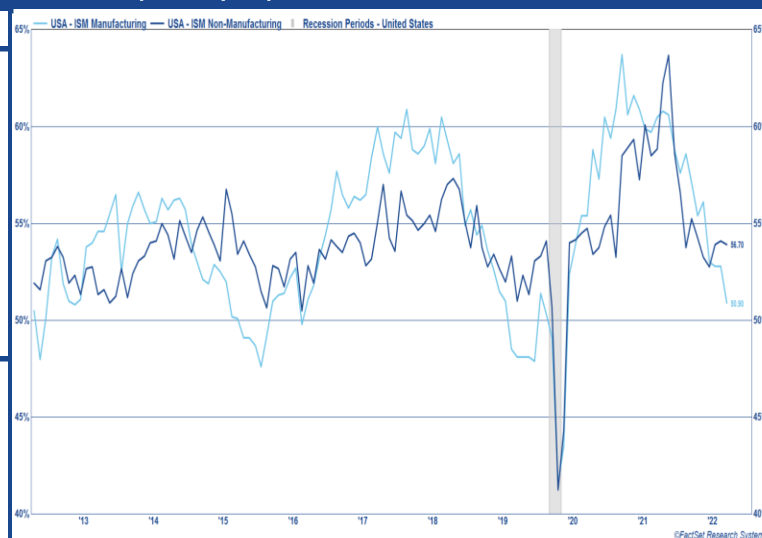
Economic & Market Commentary

Despite the sell-off last Friday, stocks started the first week of the quarter on a positive note rising moderately. With much of the market focus on Fed short-term rate policy, stock markets appear to be moving in the direction of data that supports or weakens the Fed's rate policy stance. The Fed is aggressively raising rates to weaken the economy and overall demand. Last Monday, the Institute for Supply Management (ISM) released their Manufacturing Survey report which came in weaker than expected and the stock market rallied strongly. September ISM manufacturing index fell 1.9 points m/m to 50.9, missing estimates for 52.2. The New Orders index was down 4.2 points m/m to 47.1, lowest since May-20. The Factory Production index was up 0.2 points to 50.6. The Prices Paid index was down 0.8 points to 51.7, the lowest reading since Jun-20. Backlogs were also down 2.1 points to 50.9. The Employment index was down 5.5 points, falling back into contraction territory at 48.7. Conversely, on Friday September labor market data came in stronger-than-expected with monthly jobs rising by 263,000 and the unemployment rate dropping to +3.5%. Street consensus was looking for job growth of 250,000 and an unemployment rate of +3.7%. The market tanked on the better-than-expected labor data. With the labor market one of the key focus areas for the Fed, the market was hoping for a weaker-than-expected September labor print and signs of softening in the labor market. The September labor data increased the likelihood of another +0.75% rate in November to 81% from 59% one week ago. This is going to be the theme of the stock market over the next few months, rallying on signs of a softening economy and pulling back on signs of a resilient economy. More so with each CPI inflation print as has been the case the past several months. September's CPI report is due out this Thursday and street consensus is looking for a monthly headline and core reading of +0.20% and +0.40%. For the last 12-months readings were +8.1% and +6.5% respectively.

Index Total Returns - October 7, 2022

	1-Wk	YTD	1-Yr
Dow Jones	2.03	-18.08	-13.99
S&P 400	2.91	-19.24	-14.88
S&P 500	1.56	-22.68	-15.99
Russell 2000	2.27	-23.40	-23.36
MSCI-Emerging	2.52	-25.32	-26.32
MSCI-Developed	1.94	-25.68	-23.20
NASDAQ	0.75	-31.49	-26.76
Barclay's U.S. Bond Index			
5-year Muni	0.42	-7.68	-7.63
Int. Gov. Credit	-0.17	-9.78	-10.14
Municipal	0.83	-11.40	-10.69
High Yield	1.42	-13.53	-12.73
Aggregate	-0.25	-14.83	-14.58

ISM Activity Survey Reports



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.28	3.83	0.10
U.S. 2-Yr	4.30	4.20	0.31
U.S. 3-Yr	4.32	4.21	0.55
U.S. 5-Yr	4.14	4.04	1.02
U.S. 10-Yr	3.88	3.80	1.57
U.S. 30-Yr	3.84	3.77	2.14

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.63	3.74	1.00
U.S. AA	3.77	3.88	1.05
U.S. A	4.30	4.39	1.28
U.S. Baa	4.79	4.86	1.56
U.S. Municipal	3.94	4.04	1.14
Michigan	4.03	4.12	1.24

S&P 500 Sector Total Returns - October 7, 2022

Sector	1-Wk	YTD	1-Yr
Energy	13.86	53.64	57.70
Utilities	-2.63	-8.97	0.63
Health Care	1.33	-11.93	-2.30
Consumer Staples	-0.36	-12.15	-2.24
Industrials	2.87	-18.44	-14.18
Financials	1.94	-19.72	-18.88
Materials	2.15	-22.10	-13.03
Info Tech	1.67	-30.30	-20.36
Consumer Discretionary	-1.11	-30.67	-23.30
Real Estate	-4.06	-31.73	-20.93
Communication Services	1.70	-38.00	-39.34

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	15.51	17.29	1.70
S&P 400 - Mid Cap	11.56	15.60	1.57
S&P 600 - Small Cap	10.77	16.37	1.58

Sources: FactSet, Federal Reserve, ISM, CBOE, U.S. Dept. of Labor