

## Retail sales remain strong in October

### Weekly commentary

Wall Street closed lower for the week after multiple pronouncements from different members of the FED regarding the aggressiveness of upcoming interest rate hikes; the release of US retail sales in October and inflation data in the UK and Euro Zone. The 2-year and 10-year US Treasury bond rates increased by 20 and 1.63 basis points respectively while the S&P 500 declined 0.69%, Dow Jones declined 0.01% and the Nasdaq declined 1.18%.

Likewise, oil prices closed the week down, following a comment from the IEA stating that the oil reserves of developed countries are at their lowest level since 2004, the impact of a missile in Poland that was initially believed to be from Russia (a situation that pushed up the price on Wednesday) and to a greater extent, the increase in COVID - 19 infections (to levels close to those seen in pandemics) after the relaxations to the zero COVID policy in previous weeks. Benchmark WTI was down 9.98% to 80.08 dpb and Brent fell by 8.72% to 87.62 dpb.

US used home sales continued to decline in October, reporting 4.43 million homes sold versus expectations of 4.38 million (-5.9% month-over-month). These data reflect the impact on the housing market from rising interest rates that have directly affected 30-year mortgage rates, which now stand at 6.61%.

UK inflation continued to rise aggressively in October to its highest level in 41 years, presenting an annual variation of 11.1% and 2.0% monthly. The food (+1.84 p.p) and housing services (+3.70 p.p) sectors showed the largest price increases. Similarly, the Euro Zone presented the official CPI percentage change data, reaching 10.6% YoY and 1.5% m/m, where energy contributed 4.44 p.p. and food 2.74 p.p.

On the other hand, Japan's GDP reading showed a quarterly contraction -0.3% vs. the expected 0.3% and 0.9% of the previous quarter, thus being the first negative data after three positive periods. On the other hand, the Euro Zone showed an expansion of 0.2% q/q, remaining in line with market expectations and is expected to grow 3.3% before the sharp downturn next year.

Finally, Walmart and Target's financial results were very different despite belonging to the same retail industry, Walmart presented better than expected revenues in 3Q22 in addition to raising its outlook for next year. Target, while also achieving slightly better-than-expected earnings, saw its sales decline, causing it to cut its earnings forecast for the holiday season. This difference was due to the variety of foods that Walmart has in comparison to Target, which has seen an increase after the increase in prices. Nvidia also reported higher-than-expected revenue, but EPS of \$0.58, 17% lower than expected.

### Relevant data and events

#### This week

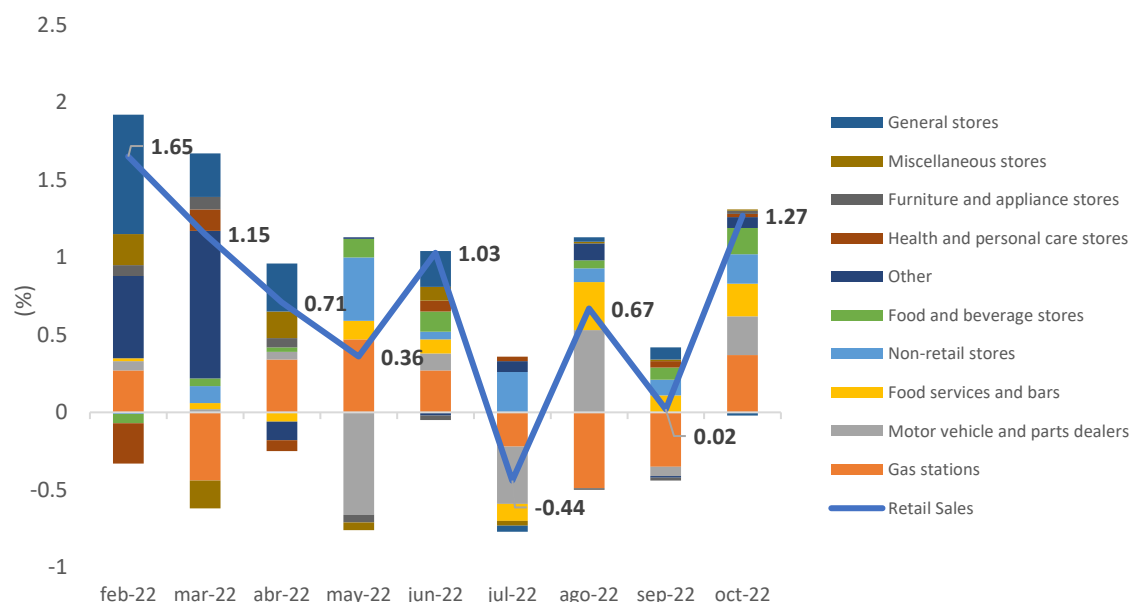
- **Thanksgiving - Black Friday \***
- **U.Michigan Consumer Confidence.**
- **ECB and Fed Minutes.**
- **GDP** - Mexico, Peru
- **PMI** - U.S., U.K., Eurozone.
- **Retail Sales** - Canada, Mexico.
- **New Home Sales** - U.S.

#### Previous week

- **COP27 UN**
- **Midterm Elections** - U.S.A.
- **Consumer confidence index** - U.S.
- **CPI** - Brazil, U.S., Chile, China, Mexico.
- **GDP** - UK.
- **Earnings season** - Activision, Disney, AMC, Roblox, Unity, Yeti, AstraZenaca, Wework,
- **Retail Sales** - Brazil, Euro Zone.

\*Most relevant data of the week

### Contribution to U.S. retail sales by market

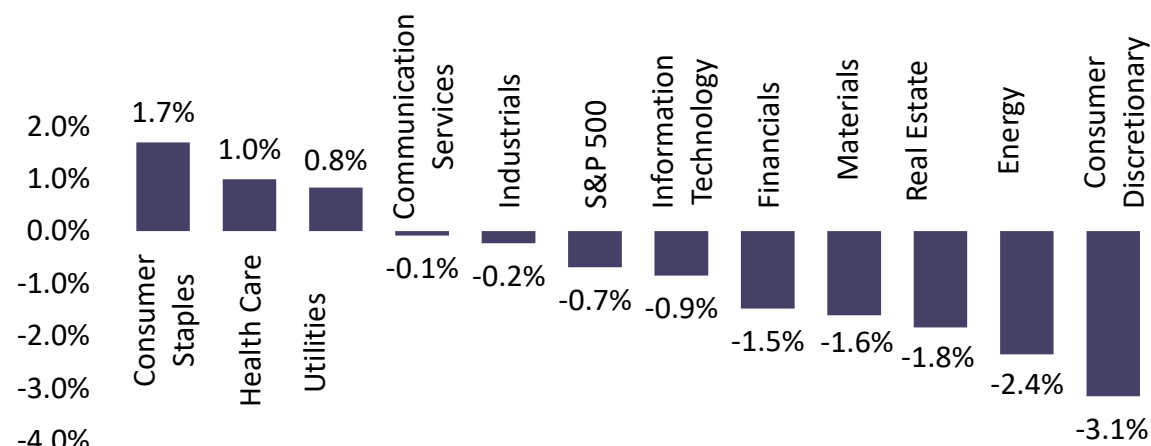


Source: U.S. Census Bureau - Compiled from On Capital. Percentage Points.

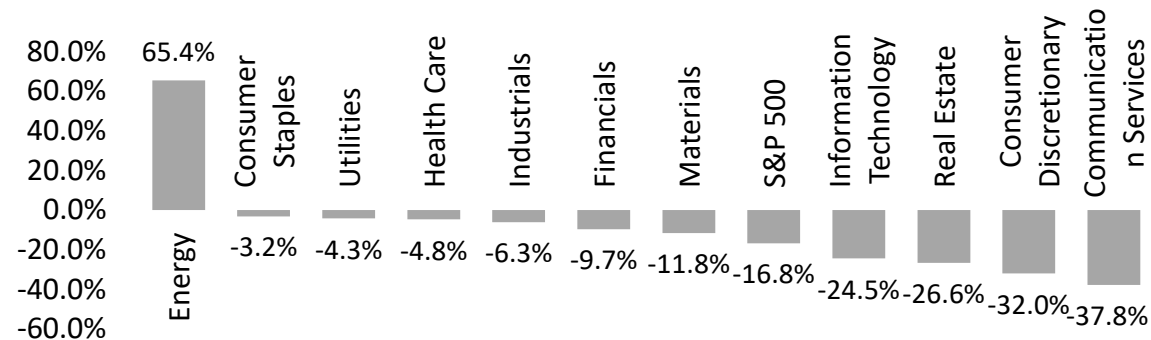
In the US, the price level continued to decline in October. Annual inflation decreased by 50 bps compared to the previous month, standing at 7.7%, driven upwards by the increase in energy (+17.6%) and food (+10.9%). On the other hand, the monthly figure came in at 0.4%, slightly below market expectations, while the underlying component continued to move away from the Fed's target at 6.3% YoY and 0.3% m/m.

### Sector performance

#### Weekly



#### Annual



### In On Financial Markets Monitor

	Level	Price return (%)		Features
	11/18/2022	1 Week	YTD	Fwd P/E
<b>Equities</b>				
S&P 500	3965.34	▼ -0.69	▼ -16.80	17.94
Dow Jones 30	33745.69	▼ -0.01	▼ -7.13	18.44
Nasdaq 100	11677.02	▼ -1.18	▼ -28.45	22.54
Russell 2000	1849.73	▼ -1.75	▼ -17.62	23.21
Russell 1000 Growth	2269.09	▼ -1.19	▼ -26.21	24.17
Russell 1000 Value	1521.34	▼ -0.64	▼ -8.12	14.62
MSCI Emerging Markets	38.03	▼ -0.34	▼ -22.15	11.39
MSCI Developed & Emerging World	616.04	▼ -0.42	▼ -18.39	15.26
MSCI China	58.95	▲ 4.02	▼ -30.06	11.25
Topix - Japan	1967.03	▼ -0.54	▼ -1.27	12.49
EuroStoxx 50	3924.84	▲ 1.46	▼ -8.69	11.72
FTSE 100 - United Kingdom	7385.52	▲ 0.92	▲ 0.01	9.34

	Yield	Total return (%)	
	11/18/2022	1 Week	YTD
<b>Fixed income</b>			
U.S. Aggregate	4.73	▲ 0.48	▼ -13.69
U.S. Corporate High Yield	8.82	▲ 0.70	▼ -11.58
Global Aggregate	3.62	▲ 0.51	▼ -17.20
Global High Yield	9.49	▲ 0.98	▼ -14.52
Emerging Markets Hard Currency	5.48	▲ 0.11	▼ -23.35
Emerging Markets Local Currency	4.50	▲ 0.01	▼ -13.49

	Yield		Change in Basic Points	
	11/18/2022	12/31/2021	1 Week	YTD
<b>Interest rate</b>				
2-yr U.S. Treasuries	4.53	0.73	▲ 20.08	▲ 380.07
10-yr U.S. Treasuries	3.83	1.51	▲ 1.63	▲ 231.87
10-yr German Bund	2.01	-0.18	▼ -14.70	▲ 219.20

	Levels		Percentage change (%)	
	11/18/2022	12/31/2021	1 Week	YTD
<b>Currencies</b>				
Dolar Index	106.93	95.67	▲ 0.60	▲ 11.77
Euro	1.03	1.14	▼ -0.21	▼ -9.19
British pound	1.19	1.35	▲ 0.51	▼ -12.13
Japanease Yen	140.37	115.08	▲ 1.12	▲ 21.98
Yuan renminbi chinese	7.13	6.36	▲ 0.49	▲ 12.10
Mexican peso	19.44	20.53	▼ -0.32	▼ -5.30
Colombian peso	4989.25	4070.00	▲ 3.83	▲ 22.59

	Level	Percentage change (%)	
	11/18/2022	1 Week	YTD
<b>Commodities</b>			
Crude oil WTI	80.08	▼ -9.98	▲ 6.48
Crude oil Brent	87.62	▼ -8.72	▲ 12.65
Natural Gas	6.30	▲ 7.21	▲ 68.98
Gold	1750.68	▼ -1.16	▼ -4.29
Copper	363.20	▼ -7.19	▼ -18.63
Corn	667.75	▲ 1.48	▲ 12.56
Coffee (US\$/pound)	1.51	▼ -11.05	▼ -33.08
Bloomberg Commodity Index	114.79	▼ -1.78	▲ 15.76

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