

Weekly Market Update



Market Data as of Week Ending: 9/23/2022 unless noted otherwise

U.S. stock prices fell sharply as the Fed increased interest rates and reset expectations of their resolve to continue in the face of persistent inflation. Fed Chairman, Jerome Powell, did not attempt to quell volatility in equity markets and spoke plainly about their commitment to reducing inflation, regardless of its impact on economic growth. Large companies generally outperformed their small and mid-sized peers, while the valuation factor had mixed results, depending on size. All eleven major sectors in the S&P 500 dropped with declines more pronounced in cyclical and economically sensitive sectors such as energy and consumer discretionary. Traditionally defensive sectors such as consumer staples, utilities, and healthcare provided the best downside protection for the week. Developed foreign and emerging stock prices declined with mixed results relative to the U.S. as currency markets were rattled.

U.S. Treasury yields advanced again as the 10-year U.S. Treasury increased 0.24% and ended the week at 3.69%. The 2-year yields increased by more than 0.40% to 4.21% as investors are starting to align more closely with the Fed's forecast. Despite higher yield changes in the short end of the curve, longer duration bonds experienced the steepest declines and higher quality bonds outperformed. High yield corporate bonds lagged as investors are pivoting away from the riskiest segment of the bond market. Yields on investment grade and high yield corporate bonds rose, finishing the week at 5.4% and 9.3%, respectively.

It was a light week for economic data releases as investors were closely following not just the Fed's policy rate decision, but more importantly, the committee's forecasts and messaging after the meeting. Their expectation for real economic growth was reduced to 0.2% in 2022 and 1.2% in 2023; however, they noted the high level of uncertainty around those projections based on the current cycle of interest rate increases. Economic survey data from S&P Global surprised to the upside as both manufacturing and services activity were better than expected. The manufacturing sector showed signs of resilience and even increased from 51.5 to 51.8 (levels above 50 indicate growth). Activity in the services sector increased but remains in contraction territory at 49.2. The U.S. dollar appreciated by more than 3% against a basket of major currencies, and Japan intervened in the currency market to support the yen for the first time since 1998.

U.S. Equity Returns (Size & Style - Russell)

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	-5.20%	-4.88%	-4.57%	-6.37%	-6.73%	-7.08%	-3.14%	-1.96%	-0.77%	-15.59%	-22.49%	-28.63%
Mid	-5.85%	-6.08%	-6.49%	-7.38%	-7.55%	-7.86%	-2.49%	-1.62%	0.03%	-18.32%	-22.84%	-30.98%
Small	-6.08%	-6.58%	-7.06%	-8.10%	-8.83%	-9.54%	-2.39%	-1.38%	-0.36%	-19.29%	-24.48%	-29.70%

U.S. Fixed Income Returns (Quality & Duration - Bloomberg)

	Week			MTD			QTD			YTD		
	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long
Govt	-0.83%	-1.10%	-1.37%	-1.62%	-2.15%	-5.25%	-2.19%	-2.83%	-7.02%	-6.28%	-8.44%	-26.73%
Corp	-0.99%	-1.34%	-2.11%	-1.72%	-2.47%	-5.21%	-1.48%	-2.22%	-5.12%	-7.00%	-10.99%	-26.70%
HY	-1.20%	-1.69%	-3.34%	-1.69%	-2.56%	-4.85%	1.48%	0.75%	0.12%	-8.30%	-12.93%	-24.12%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	-4.63%	-6.51%	-2.06%	-21.61%
S&P MidCap 400	-5.92%	-7.78%	-0.95%	-20.30%
Russell 2000	-6.58%	-8.83%	-1.38%	-24.48%
MSCI EAFE	-5.60%	-8.11%	-8.12%	-26.10%
MSCI Emerging Markets	-4.03%	-8.75%	-8.59%	-24.70%
MSCI EAFE Small Cap	-5.82%	-9.29%	-7.58%	-30.42%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	-1.17%	-2.24%	-2.63%	-9.22%
Bloomberg US Agg	-1.56%	-3.36%	-3.80%	-13.75%
Bloomberg US High Yield	-1.75%	-2.64%	0.73%	-13.57%
Other				
Bloomberg Commodity	-3.66%	-7.42%	-3.38%	14.43%
S&P Dev Property	-6.62%	-9.29%	-8.03%	-26.78%
HFRX Global Hedge Fund	-0.07%	-0.19%	1.30%	-3.82%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	-7.01%	-5.82%	6.90%	-28.19%
Consumer Staples	-2.15%	-4.31%	-2.89%	-8.31%
Energy	-9.00%	-11.03%	0.38%	32.34%
Financials	-5.58%	-5.51%	-0.73%	-19.32%
Health Care	-3.36%	-1.25%	-3.86%	-11.88%
Industrials	-4.54%	-8.34%	-2.45%	-18.83%
Info Technology	-3.57%	-8.16%	-2.11%	-28.45%
Materials	-5.63%	-8.76%	-6.53%	-23.25%
Real Estate	-6.35%	-9.70%	-7.61%	-25.73%
Communication Svcs	-5.09%	-9.40%	-9.98%	-37.14%
Utilities	-2.99%	-2.80%	3.07%	2.50%

Bond Yields

	9/23/22	8/31/22	6/30/22	12/31/21
3Mo Libor	3.63%	3.10%	2.29%	0.21%
SOFR 3Mo Swap	3.53%	2.97%	2.10%	0.09%
2Yr Treasury	4.21%	3.50%	2.96%	0.73%
10Yr Treasury	3.69%	3.20%	3.02%	1.51%
2-10 Slope	-0.52%	-0.30%	0.06%	0.78%

Commodities and Currency

	9/23/22	8/31/22	6/30/22	12/31/21
Oil (\$/barrel)	79.24	89.55	105.76	76.99
Gold (\$/oz.)	1643.94	1711.04	1807.27	1829.2

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The market indexes discussed are unmanaged and generally considered representative of their respective markets. Index performance is not indicative of past performance of any particular investment. Indexes do not incur management fees, costs, and expenses. Indexes are not available for direct investment.

The S&P 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks across major industries.

The Russell 2000 Index is a market-cap weighted index measuring the performance of approximately 2,000 smallest-cap weighted American companies in the Russell 3000 index. The Russell 3000 Index is a capitalization-weighted equity index that provides exposure to the entire U.S. stock market. The index tracks the performance of the 3,000 largest U.S.-traded stocks which represent about 98% of all U.S. incorporated equity securities.

The MSCI Indexes were created by Morgan Stanley Capital International and serves as a benchmark of the performance of major international equity markets. The EAFE, with 826 constituents across 21 developed markets around the world excluding the US and Canada covers approximately 85% of the free float-adjusted market capitalization of each country. The Emerging Markets Index, with 1,393 constituents, captures large and mid-cap representation across 24 Emerging Markets (EM) countries and covers approximately 85% of the free float-adjusted market capitalization in each country.

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Past Performance does not guarantee future results.

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